

2008 9-3 PM 3:10

OFFICE OF THE SECRETARIAT

September 3, 2008

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

RE: Corrected Chapter Number for Options on Eurodollar Futures Calendar  
Spreads  
CME Submission # 08-114RR

Dear Mr. Stawick:

Chicago Mercantile Exchange ("Exchange") hereby certifies with the Commission a correction to the chapter number for the rules governing options on Eurodollar futures calendar spreads. The rules for options on Eurodollar Futures calendar spreads were certified on July 31, 2008 and revised on August 15, 2008 to correct a typographical error.

The Exchange certifies that the rule changes comply with the Act and regulations thereunder.

If you require any additional information regarding this action, please do not hesitate to contact Daniel Grombacher, at 312-634-1583, or via email at [daniel.grombacher@cmegroup.com](mailto:daniel.grombacher@cmegroup.com), or me. Please reference our CME Submission No. 08-114RR in any related correspondence.

Sincerely,

/s/ Stephen M. Szarmack  
Director and Associate General Counsel

## Chapter 452DC

### Options on Three-Month Eurodollar Futures Calendar Spreads

#### 452DC00. SCOPE OF CHAPTER

This chapter is limited in application to trading in put and call options of the Three-Month Eurodollar Time Deposit futures calendar spreads ("Eurodollar calendar spread options"). The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

#### 452DC01. OPTION CHARACTERISTICS

##### 452DC01.A. Contract Months, Trading Hours, and Trading Halts

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

There shall be no trading in any Eurodollar calendar spread option contract when the primary futures contract for that Eurodollar contract is limit bid or offered.

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

For purposes of this rule during Electronic Trading Hours (ETH), the GLOBEX Control Center shall have the responsibility of determining whether the primary futures contract is limit bid or offered.

##### 452DC01.B. Trading Unit

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

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

##### 452DC01.C. Minimum Fluctuations

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

The minimum fluctuation shall be .005 IMM Index point (also known as one-half tick). Trades may also occur in increments of .0025 IMM Index point (\$6.25, also known as one-quarter tick) up to a price of .05 IMM Index point.

For the purpose of Rule 813.- Settlement Prices, the minimum fluctuation shall be .0025 IMM Index point.

When the nearest contract month of the underlying Eurodollar futures calendar spread is the nearest expiring futures contract month, the minimum fluctuation of shall be .0025 IMM Index point (also known as one-quarter tick.)

##### 452DC01.D. Underlying Futures Contracts

1. One-Year Calendar Spread Options in the March Quarterly Cycle ("Year-Spread Quarterly Options")

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

2. One-Year Calendar Spread Options Not in the March Quarterly Cycle ("Year-Spread Serial Options")

For One-Year Calendar Spread Options that expire in months other than those in the March quarterly

cycle (i.e. January, February, April, May, July, August, October and November), the underlying futures contract calendar spread shall be the spread of the next futures contract in the March Quarterly cycle that is nearest the expiration of the option, versus the futures contract expiring on the same calendar month one year later than the preceding futures contract. For example, the underlying futures contract calendar spread for an option that expires in January and February 2008 is the March 2008 / March 2009 calendar spread of Eurodollar futures.

**452DC01.E. Exercise Prices**

Exercise prices shall be stated in terms of the IMM Index for the Eurodollar Time Deposit futures contract that is deliverable upon exercise of the option and shall be a positive or negative integer multiple of .05 IMM Index points, e.g. -0.10, -0.05, 0, 0.05, 0.10, etc.

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

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

**452DC01.F. Position Accountability**

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

**452DC01.G. [Reserved]**

**452DC01.H. Accumulation of Positions**

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

**452DC01.I. [Reserved]**

**452DC01.J. Termination of Trading**

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

**452DC01.K. Contract Modifications**

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

**452DC01. EXERCISE**

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

**452DC02.A. Exercise of Option by Buyer**

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

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

Corrections to option exercises may be accepted by the Clearing House after 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an

extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instruction prior to the deadline.

The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

**452DC02.B. Assignment**

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

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

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

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

**452DC03. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES**

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

(End Chapter 452DC)