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November 24, 2010

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

**RE: Amendments to CME Rulebook Chapter 452A on Eurodollar Options to permit the listing of monthly serial Two-Year ("Green") Mid-Curve options; monthly serial and quarterly Three-Year ("Blue") Mid-Curve options; and monthly serial Fifth-Year ("Gold") Mid-Curve options.
CME Submission No. 10-351**

Dear Mr. Stawick:

Pursuant to Commission Regulation 40.6 and Section 5c(c)(1) of the Commodity Exchange Act, Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby certifies amendments to Exchange Rules 452A01.D., 452A01.E., and 452A01.J., which govern, respectively, the underlying futures contracts, exercise prices, and termination of trading for options on CME Eurodollar futures.

By this letter, CME seeks to expand its current listings of Eurodollar Mid-Curve options. Specifically, the Exchange intends to list monthly serial Two-Year ("Green") Mid-Curve options and quarterly Three-Year ("Blue") Mid-Curve options for trading on **Monday, December 20, 2010**. At launch, the Exchange will initially list January and February 2011 Green Mid-Curve options that will exercise into the March 2013 Eurodollar futures contract. In addition, the Exchange will initially list March, June, September, and December 2011 Blue Mid-Curve options that will exercise, respectively, into the March, June, September, and December 2014 Eurodollar futures contracts.

Furthermore, CME is certifying rule changes that enable the Exchange to list monthly serial Blue Mid-Curve options as well as monthly serial Fifth-Year ("Gold") Mid-Curve options. The Exchange intends to list these Mid-Curve options at its discretion in the future.

Attachment 1 summarizes the proposed amendments to Rules 452A01.D., 452A01.E., and 452A01.J.

Attachment 2 provides a clean version of CME Rulebook Chapter 452A on Eurodollar Options.

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CME certifies that this action complies with the Commodity Exchange Act and regulations thereunder.

Please direct inquiries regarding this submission to Daniel Grombacher at 312.634.1583 or via e-mail at daniel.grombacher@cmegroup.com, or me at 312.466.7478. Please reference CME Submission No. 10-351 in any related correspondence.

Sincerely,

/s/ Timothy Elliott
Director and Associate General Counsel

Attachments

Attachment 1

Proposed Changes to Chapter 452A Options on Three-month Eurodollar Futures

(Additions are in red; deletions are struck through in blue.)

452A01.D. Underlying Futures Contracts ¹

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

For options that expire in the March quarterly cycle (i.e., March, June, September, and December), except for those Mid-Curve options specified in Paragraphs 3, 4, ~~and~~ 5, and 6, the underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in March is the March futures contract.

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

For options that expire in months other than those in the March quarterly cycle, (i.e. January, February, April, May, July, August, October, and November) except for those Mid-Curve options specified in Paragraphs 3, 4, ~~and~~ 5, and 6, the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for the options that expire in January or February is the March futures contract.

3. One-Year Mid-Curve Options ²

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

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

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

For Serial One-Year Mid-Curve Options that expire in months other than those in the March quarterly cycle, (i.e. January, February, April, May, July, August, October, and November), the underlying futures contract is the futures contract that expires twelve calendar months from the next March quarterly month that is nearest to the expiration of the option. For example, the underlying futures contract for the One-Year Mid-Curve options that expire in January or February is the March futures contract in the next calendar year.

Weekly One-Year Mid-Curve Options

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

4. Two-Year Mid-Curve Options

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

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

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

For Serial Two-Year Mid-Curve Options that expire in months other than those in the March quarterly cycle, (i.e. January, February, April, May, July, August, October, and November), the underlying futures contract is the futures contract that expires twenty-four calendar months from the next March quarterly month that is nearest to the expiration of the option. For example, the underlying futures contract for the Two-Year Mid-Curve options that expire in January or February is the March futures contract that expires in two calendar years.

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

² Revised December 1996.

Attachment 1 (continued)

5. Three-Year Mid-Curve Options

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

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

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

For Serial Three-Year Mid-Curve Options that expire in months other than those in the March quarterly cycle, (i.e. January, February, April, May, July, August, October, and November), the underlying futures contract is the futures contract that expires thirty-six calendar months from the next March quarterly month that is nearest to the expiration of the option. For example, the underlying futures contract for the Three-Year Mid-Curve options that expire in January or February is the March futures contract that expires in three calendar years.

65. Fifth-Year MidCurve Options

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

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

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

For Serial Fifth-Year Mid-Curve Options that expire in months other than those in the March quarterly cycle, (i.e. January, February, April, May, July, August, October, and November), the underlying futures contract is the futures contract that expires forty-eight calendar months from the next March quarterly month that is nearest to the expiration of the option. For example, the underlying futures contract for the Fifth-Year Mid-Curve options that expire in January or February is the March futures contract that expires in four calendar years.

Attachment 1 (continued)

452A01.E. Exercise Prices ¹

1. Twenty-Five Point Exercise Prices

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

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

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

2. Special Listings of 12.5 Point Exercise Prices

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

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

The Board may modify the provisions governing the establishment of exercise prices as it deems appropriate. ²

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

² Revised September 1997; January 1998; June 1998, December 2001; June 2003.

Attachment 1 (continued)

452A01.J. Termination of Trading¹

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

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

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

Options trading for contracts not in the March quarterly cycle, except for those Mid-Curve options specified in Paragraph 3, shall terminate at the close of trading on the Friday preceding the third Wednesday of the contract month. If the foregoing date for termination is a scheduled Exchange holiday, options trading shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

3. Mid-Curve Options

Except for the weekly One-Year Mid-Curve options, trading in One-Year, Two-Year, Three-Year, and Fifth-Year Mid-Curve options shall terminate at the close of trading on the Friday preceding the third Wednesday of the calendar month containing the Mid-Curve option expiration. If the foregoing date for termination is a scheduled Exchange holiday, options trading shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

Trading in weekly One-Year Mid-Curve options shall terminate at the close of trading on those Fridays that are not also the termination of trading of a Quarterly or Serial One-Year Mid-Curve option. If the foregoing date for termination is a scheduled Exchange holiday, trading in weekly options shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

¹ Effective December 1991. Revised December 1993; April 1994; February 1995; December 2001; August 2003.

Attachment 2

Chapter 452A Options on Three-month Eurodollar Futures

452A00. SCOPE OF CHAPTER

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

452A01. OPTION CHARACTERISTICS

452A01.A. Contract Months, Trading Hours, and Trading Halts ¹

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

There shall be no trading in any Three-Month Eurodollar 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.

452A01.B. Trading Unit ²

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

452A01.C. Minimum Fluctuations ³

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

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

The minimum fluctuation shall be .0025 IMM Index point (also known as one-quarter tick).

2. All Other Contract Months

The minimum fluctuation shall be .005 IMM Index point (also known as one-half tick). Trades may also occur at a price of .0025 IMM Index point (\$6.25, also known as one-quarter tick), whether or not such trades result in the liquidation of positions for both parties to the trade.

Further, for options expiring in the nearest or second nearest March quarterly or the nearest or second nearest non-March quarterly contract months trading at a premium of no more than .05 IMM Index points, or spread and combination trades at a net premium of no more than .05 IMM Index points and consisting of options contracts involving the nearest and/or second nearest non-March quarterly months and/or the nearest and/or second nearest March quarterly months only, the options in the combination may trade in increments of .0025 IMM index points.

For the purpose of Rule 813.—Settlement Prices, the minimum fluctuation shall be .0025 IMM Index point (\$6.25, also known as one-quarter tick) ⁴

¹ Revised September 1990, December 2001.

² Revised February 1998.

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

⁴ Adopted April 2000. Revised October 2001.

Attachment 2 (continued)

3. MidCurve Options

The minimum fluctuation shall be .005 IMM Index point (\$12.50, also known as one-half tick). Trades may also occur at a price of .0025 IMM Index point (\$6.25, also known as one-quarter tick), whether or not such trades result in the liquidation of positions for both parties to the trade.

For the purpose of Rule 813—Settlement Prices, the minimum fluctuation shall be .0025 IMM Index point (\$6.25, also known as one-quarter tick).¹⁰

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

452A01.D. Underlying Futures Contracts¹¹

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

For options that expire in the March quarterly cycle (i.e., March, June, September, and December), except for those Mid-Curve options specified in Paragraphs 3, 4, 5, and 6, the underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in March is the March futures contract.

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

For options that expire in months other than those in the March quarterly cycle, (i.e. January, February, April, May, July, August, October, and November) except for those Mid-Curve options specified in Paragraphs 3, 4, 5, and 6, the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for the options that expire in January or February is the March futures contract.

3. One-Year Mid-Curve Options¹²

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

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

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

For Serial One-Year Mid-Curve Options that expire in months other than those in the March quarterly cycle, (i.e. January, February, April, May, July, August, October, and November), the underlying futures contract is the futures contract that expires twelve calendar months from the next March quarterly month that is nearest to the expiration of the option. For example, the underlying futures contract for the One-Year Mid-Curve options that expire in January or February is the March futures contract in the next calendar year.

Weekly One-Year Mid-Curve Options

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

4. Two-Year Mid-Curve Options

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

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

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

For Serial Two-Year Mid-Curve Options that expire in months other than those in the March quarterly cycle, (i.e. January, February, April, May, July, August, October, and November), the underlying futures contract is the futures contract that expires twenty-four calendar months from the next March quarterly month that is nearest to the expiration of the option. For example, the underlying futures contract for the Two-Year Mid-Curve options that expire in January or February is the March futures contract that expires in two calendar years.

¹⁰ Revised April 2000; October 2001.

¹¹ Effective December 1991. Revised December 1993; November 1994; February 1995; February 1998; August 2003.

¹² Revised December 1996.

Attachment 2 (continued)

5. Three-Year Mid-Curve Options

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

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

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

For Serial Three-Year Mid-Curve Options that expire in months other than those in the March quarterly cycle, (i.e. January, February, April, May, July, August, October, and November), the underlying futures contract is the futures contract that expires thirty-six calendar months from the next March quarterly month that is nearest to the expiration of the option. For example, the underlying futures contract for the Three-Year Mid-Curve options that expire in January or February is the March futures contract that expires in three calendar years.

6. Fifth-Year Mid-Curve Options

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

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

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

For Serial Fifth-Year Mid-Curve Options that expire in months other than those in the March quarterly cycle, (i.e. January, February, April, May, July, August, October, and November), the underlying futures contract is the futures contract that expires forty-eight calendar months from the next March quarterly month that is nearest to the expiration of the option. For example, the underlying futures contract for the Fifth-Year Mid-Curve options that expire in January or February is the March futures contract that expires in four calendar years.

452A01.E. Exercise Prices ¹³

1. Twenty-Five Point Exercise Prices

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

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

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

2. Special Listings of 12.5 Point Exercise Prices

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

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

¹³ Revised April 1986; November 1986; September 1988; March 1989; July 1992; December 1993; May 1995; April 2001; August 2003; May 2004.

Attachment 2 (continued)

The Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.¹⁴

452A01.F. Position Accountability¹⁵

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

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

452A01.G. [Reserved]

452A01.H. Accumulation of Positions¹⁶

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

452A01.I. [Reserved]

452A01.J. Termination of Trading¹⁷

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

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

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

Options trading for contracts not in the March quarterly cycle, except for those Mid-Curve options specified in Paragraph 3, shall terminate at the close of trading on the Friday preceding the third Wednesday of the contract month. If the foregoing date for termination is a scheduled Exchange holiday, options trading shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

3. Mid-Curve Options

Except for the weekly One-Year Mid-Curve options, trading in One-Year, Two-Year, Three-Year, and Fifth-Year Mid-Curve options shall terminate at the close of trading on the Friday preceding the third Wednesday of the calendar month containing the Mid-Curve option expiration. If the foregoing date for termination is a scheduled Exchange holiday, options trading shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

Trading in weekly One-Year Mid-Curve options shall terminate at the close of trading on those Fridays that are not also the termination of trading of a Quarterly or Serial One-Year Mid-Curve option. If the foregoing date for termination is a scheduled Exchange holiday, trading in weekly options shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

¹⁴ Revised September 1997; January 1998; June 1998, December 2001; June 2003.

¹⁵ See "Interpretations & Special Notices" at the end of this chapter. Revised March 1986; March 1990; January 1992.

¹⁶ Revised September 1986.

¹⁷ Effective December 1991. Revised December 1993; April 1994; February 1995; December 2001; August 2003.

Attachment 2 (continued)

452A01.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 contracts shall be subject to such government orders.

452A02. EXERCISE

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

452A02.A. Exercise of Option by Buyer¹⁸

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.¹⁹

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

452A02.B. Assignment²¹

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.

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

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

452A03. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

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

(End Chapter 452A)

¹⁸ Revised July 1988.

¹⁹ An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

²⁰ Adopted August 1995.

²¹ Revised February 1990.

Attachment 2 (continued)

INTERPRETATIONS & SPECIAL NOTICES
RELATING TO CHAPTER 452A

RULE 452A01.D. INTERPRETATION

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

452A01.D. can be interpreted as follows:

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

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

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

(a) Exercise Prices Listed on Day 1:

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

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

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

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

(ii) If lowest listed exercise price is 90.00, then the next new lower exercise price of 89.75 would be added when the underlying futures settled at or below 92.12.

(2) Time to expiration is more than 12 up to and including 15 complete calendar months away--For example, from June 1, 1990 through August 31, 1990, for the September '91 quarterly contract month expiring on September 16, 1991, all eligible exercise prices in a range of 1.75 IMM Index points above and below the exercise price nearest the previous day's settlement price are added.

(i) If highest listed exercise price is 94.50, then the next new higher exercise price of 94.75 would be added when the underlying futures settled at or above 92.88.

Attachment 2 (continued)

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

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

(a) Exercise prices listed on Day 1:

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

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

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

CLARIFICATION OF NEW NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE

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

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