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December 19, 2007

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

RE: Rule Certification for Changes to Eliminate "Contrary Options Exercise Instructions" for CME American-Style FX Options on Futures Contracts at Expiration, and Changes to Allow Volume-Weighted Average Price Calculations to Determine Daily Settlement Prices for Selected CME FX Futures Contracts CME Submission 07-110.

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commission that it is adopting rule changes to make the expiration process for American style FX (foreign exchange) options more transparent and remove uncertainty for all market participants. The improved automatic exercise process will allow all participants to know their positions and be in a position to hedge risk during liquid, early afternoon U.S. trading hours. Over the past year, CME FX Products staff sought and received feedback from a broad range of customers and FCMs, which support a move to real auto-exercise for American-style FX options on futures contracts on the termination date.

The rule amendments are two-fold:

(1) Eliminate "contrary instructions" to CME Clearing by American-style FX option buyers on the termination of trading day only. With option buyers not able to elect to exercise out-of-the-money options or not exercise in-the-money options at expiration (*i.e.*, "contrary instructions"), CME eliminates "pin risk," a major deterrent to OTC (over-the-counter) market use of our American-style FX options on futures. Currently, CME European-style exercise FX options have automatic exercise at expiration with no contrary instructions allowed.

(2) Also, to make daily "settlement prices" more robust and market determined, CME is changing daily settlement price determination procedures to a volume-weighted average price ("VWAP") instead of the current provisions of Rule 813 – **SETTLEMENT PRICE** for an average of the CME Globex® high and low trade prices (or higher bid, lower offer, where applicable) during the closing range.

Contrary Instructions and Associated "Pin Risk" Eliminated

American-style FX options by definition allow exercise of the option on any business day that the option is traded. Option buyers, through their clearing firms have until 7:00 p.m. Central Time (CT) each day to notify CME Clearing that they want to exercise their options and be assigned futures positions. However, this feature on the options termination of trading day, serves to create "pin risk" for options sellers, who may only find out they have been assigned FX futures contracts after 7:00 p.m. CT on Friday evenings, long after the OTC FX market has closed for the weekend. Hedging these new futures positions can only be done at the opening of the market on Sunday afternoon CT, when conditions are often very illiquid. This "pin risk" characteristic of CME American-style FX options has long been a deterrent to broader market use of the product. Elimination of this "pin risk" is essential to moving these products to the next activity level. To do this, Appendix 1 displays rule changes for all American-style exercise FX options on futures to eliminate the ability of option buyers from submitting "contrary instructions" to CME Clearing until 7:00 p.m. on the option termination of trading day. (Appendix 2 is a clean copy of these rules incorporating the revisions.) Please note that buyer's ability to exercise American-style FX options up until 7:00 p.m., on any other business day except the termination (expiration) day, is unchanged.

Volume-Weighted FX Futures Settlement Prices

CME believes that with elimination of the contrary instructions process, the price at which the American-style FX options are determined to be in-the-money, and automatically exercised, becomes even more important. Therefore, the method for determining daily settlement prices for nearby, most actively traded FX futures contract months is being changed from an average of the high and low sale prices (or higher bid or lower offer, if applicable) in the 60-second "closing range" to a volume-weighted average price ("VWAP"), which utilizes CME Globex® "traded volumes at price" information, over a shorter, 30-second interval.

By switching to VWAP over the 30-second interval (1:59:30 to 1:59:59) for daily FX futures settlement prices, these new settlement prices become more robust by being transaction-based. The more volume traded at a given price during the new 30-second closing range, the more influence that particular price has on the calculation of the settlement price. This method applies rational economic principles to determination of settlement prices. The subsequent section describes in detail the proposed method for determining FX futures settlement prices. In brief, if no transactions occur in the closing range (*i.e.*, no sales) such that there are no VWAP determined settlement prices (under the descriptions labeled "Tier 1"), then the settlement price is determined by the average of the CME Globex bid/ask spreads over the 30-second closing range ("Tier 2"). If no CME Globex bid / offer spreads exist (and no sales), then CME Operations staff replicates current settlement procedures to use quote vendor spot rates and forward points to IMM dates to determine the nearby contract synthetic daily settlements. Then, also mirroring current procedures, the previous daily spread differentials, from the nearby futures contract settlement price to the deferred contract months, are used to set all deferred FX futures contract month settlement prices.

New FX Settlement Price Definitions

Proposed New Procedures for FX Futures Settlement Prices: Used Each Day for Settlement Price Determination and to Exercise Expiring American-Style FX Options (Initially, applies to the following major FX futures contracts only – AD, BP, CD, EC, JY, SF futures): Terminate CME Globex trading (in expiring option) at:

- 2:00 p.m. on Friday termination day (rather than the current CME Globex termination time of 4:00 p.m.) and expire the options to the "new" underlying futures settlement price that day determined at 2:00 p.m. (The termination of trading time change is a result of the elimination of the option buyer's right to exercise an out-of-the-money option or not exercise an in-the-money option up until 7:00 p.m., *i.e.*, submission of "contrarian instructions" to CME Clearing to prevent "automatic exercise.")

- Exercise expiring options to a newly defined daily "settlement price" for American-style FX options.

    a. Changes to CME Rule 813 – **SETTLEMENT PRICE** are needed, in effect, there are tiers of operational procedures. (See CME Rule 813 amendments detailed in Appendix 3. A clean copy of Rule 813 incorporating the revisions is attached as Appendix 4.)
    b. 30 second (closing range) window (1:59:30 to 1:59:59)*
    c. Tier 1: Volume-weighted average price from CME Globex sales during the 30 second interval, calculated on a real-time basis. However, if less than three trades by the end of the

interval, then go to Tier 2 for Globex bid/ask data.** The Tier 1 calculation is analogous to the Tier 1 calculation for the "CME currency fixing price" for the European-style FX options with the added provision that there must be at least three trades for Tier 1 to apply (therefore, for 2, 1 or zero trades in 30 second closing range, then Tier 2 applies).

d. Tier 2: Calculate the midpoint of the bid/ask spread during the 30 seconds on a real time basis. Sample at least once per second (minimum of 30 observations). Settlement price is the average of the midpoints. For liquid contracts, most of the time settlement prices will be determined at 2:00 p.m. via the Tier 1 procedures. The Tier 2 calculation is analogous to the Tier 2 calculation for the "CME currency fixing price," but with the inputted maximum allowable bid/ask differential value disabled.
e. Tier 3: Use over-the-counter (OTC) vendor contributed spot rates and forward points to calculate synthetic futures "settlement price" (via "Operations settlement price programs"). This is essentially what CME does now if there are no sales in the 60 seconds before 2:00 p.m., no prior sale during the day, and no standing bids and offers on CME Globex.

Therefore, CME will calculate parallel real-time settlement prices based on sales and the bid/ask spreads. Then at 2:00 p.m. print the price based upon sales, if there were any (*i.e.*, 3 or more deals); or print the price based upon bid/ask spreads, if there were not the requisite number of sales. By extension, the OTC based synthetic settlement price will be calculated everyday, also, in the event it is needed (at 2:00 p.m. there are no sales, bids or asks). Appendix 5 presents data illustrating the Tier 1 and 2 calculations.

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* Current closing range is 60 seconds from 1:59:00 to 2:00:00.

** Select simulations indicated current Tier 1 Settlement Prices would apply to EC, JY, BP, CD, SF and AD (by virtue of having more than two trades on CME Globex in the 30 second closing range).

Implementation of Rule Changes

Elimination of Contrary Instructions: CME is implementing the changes to the CME American-style FX options exercise rules effective for existing and newly listed contract months, expiring after March 1, 2008 (March 2008 and deferred contract months). Please note that, typically, rule revisions which may change the value of a contract are not applied to existing contracts under CME rules. However, due to demand from customers to eliminate the "pin risk" and to implement these changes before introduction of another initiative, namely, volatility quoted FX options, CME undertook the task of contacting significant holders of open interest to determine if they would agree to the Exchange applying the "no contrary instructions" rule changes at expiration to existing contracts. The majority of the responses were "no objection." Most holders of short-open interest approve of the rule changes for existing contracts (the sooner, the better). Nearly all holders of long-open interest contacted, either agreed with the implementation plan or did not care either way. However, originally, two customers surveyed opposed the change, not wanting to give up a right to exercise or not exercise options until 7:00 p.m. on termination day. But upon further questioning and explanation of the importance of the rules changes for future growth in these products, both agreed that implementation of the rule changes for existing contracts was acceptable. Also, CME staff discussed with Commodity Futures Trading Commission (CFTC) staff the proposed elimination of the "contrary instructions" for existing and newly listed American-style FX options contracts and CFTC staff indicated they had no objection to the Exchange proposal.

CME will announce in December 2007 (see below for details) the elimination of "contrary instructions" for all existing and newly listed contracts of American-style FX options expiring from March 2008 and beyond (will include serial April 2008 and May 2008 contract months listed for trading in January and February 2008).

Introduction of VWAP Determined FX Futures Settlement Prices: Changes to Rule 813-**SETTLEMENT PRICE** may be implemented at any time after completion and testing of the new VWAP FX futures settlement price procedures. However, due to critical merger-related implementations for the New Year, CME will implement the VWAP FX futures settlement price in two phases. First phase will be a non-real-time VWAP calculation analogous to the current 9:00 a.m. CME currency fixing prices for the European-style FX options, but at a 30-second interval ending at 2:00 p.m. Such calculations will be implemented in December 2007/January 2008. The "real-time" calculation and distribution of VWAP FX futures settlement prices for the major FX futures and some other VWAP enhancements are expected by end of March 2008. CME will notify the Commission under separate cover when the new VWAP settlement price procedures described herein will be implemented.

These changes to the exercise procedures for the American-style FX options on futures contracts and the changes to CME Rule 813 – **SETTLEMENT PRICE** will be communicated to shareholder/members by CME Group Special Executive Report. The Exchange notes that this action neither violates nor is inconsistent with any provision of the Commodity Exchange Act or of the rules there under. There were no substantive opposing views to this proposal. Please see also section "Implementation of Rule Changes – Elimination of Contrary Instructions" for more details.

If you require any additional information, please do not hesitate to contact Mr. Steven Youngren at 312-930-4583 or via e-mail at Steve.Youngren@cmegroup.com or me. Please reference our CME Submission 07-110 on all future correspondence regarding this notification.

Sincerely,

Stephen M. Szarmack
Director and Associate General Counsel

Attachments

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Appendix 1.

Rule Changes to Eliminate "Contrary Instructions" on All American-Style FX Options Termination Days Only. The rule amendments follow with additions underlined and deletions bracketed and overstruck.

Chapter 251A
Options on British Pound Sterling Futures

251A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on British pound sterling futures. Both American-style and European-style exercise options on currency futures are available for trading.

251A03.A.1. Exercise of American-Style Exercise Options 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. Central time on [~~the~~] any day of exercise except on the termination of trading day.

All British pound sterling options that are in the money[1] and have not been liquidated or exercised prior to the termination of trading, shall [~~, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. Central Time on the day of expiration by the clearing member representing the option buyer,~~] be exercised automatically.

Remainder of rule is unchanged.

Chapter 252A
Options on Canadian Dollar Futures

252A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Canadian dollar futures. Both American-style and European-style exercise options on currency futures are available for trading.

252A03.A.1. Exercise of American-Style Options 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. Central Time on [~~the~~] any day of exercise except on the termination of trading day.

All Canadian dollar options that are in the money[2] and have not been liquidated or exercised prior to the termination of trading, shall [~~, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. Central Time on the day of expiration by the clearing member representing the option buyer,~~] be exercised automatically.

Remainder of rule is unchanged.

Chapter 253A
Options on Japanese Yen Futures

253A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Japanese yen futures. Both American-style and European-style exercise options on currency futures are available for trading.

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

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

253A03.A.1. Exercise of American-Style Options 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. Central Time on [~~the~~] any day of exercise except on the termination of trading day.

All Japanese yen options that are in the money[3] and have not been liquidated or exercised prior to the termination of trading, shall [~~, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. Central Time on the day of expiration by the clearing member representing the option buyer,~~] be exercised automatically.[4]

Remainder of rule is unchanged.

Chapter 254A
Options on Swiss Franc Futures

254A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Swiss franc futures. Both American-style and European-style exercise options on currency futures are available for trading.

254A03.A.1. Exercise of American-Style Options 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. Central Time on [~~the~~] any day of exercise except on the termination of trading day.

All Swiss franc options that are in the money[5] and have not been liquidated or exercised prior to the termination of trading, shall [~~, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. Central Time on the day of expiration by the clearing member representing the option buyer,~~] be exercised automatically.[6]

Remainder of rule is unchanged.

Chapter 255A
Options on Australian Dollar Futures

255A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Australian dollar futures.

255A03.A.1. 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~~] any day of exercise except on the termination of trading day.

All Australian dollar options that are in the money[7] and have not been liquidated or exercised prior to the termination of trading, shall [~~, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer,~~] be exercised automatically.

Remainder of rule is unchanged.

Chapter 256A
Options on Mexican Peso Futures

256A03. EXERCISE

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

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

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

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

option contracts on Mexican peso futures.

256A03.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~~] any day of exercise except on the termination of trading day.

All Mexican peso options that are in the money[8] and have not been liquidated or exercised prior to the termination of trading, shall [~~, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer,~~] be exercised automatically.

Remainder of rule is unchanged.

Chapter 257A
Options on Brazilian Real Futures

257A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Brazilian real futures.

257A03.A.1. Exercise of American-Style Options 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~~] any day of exercise except on the termination of trading day.

All Euro options that are in the money[9] and have not been liquidated or exercised prior to the termination of trading, shall [~~, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. Central Time on the day of expiration by the clearing member representing the option buyer,~~] be exercised automatically.[10]

Remainder of rule is unchanged.

Chapter 258A
Options on New Zealand Dollar Futures

258A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on New Zealand dollar futures.

258A03.A.1. 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~~] any day of exercise except on the termination of trading day.

All New Zealand dollar options that are in the money[11] and have not been liquidated or exercised prior to the termination of trading, shall [~~, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer,~~] be exercised automatically.

Remainder of rule is unchanged.

Chapter 259A
Options on South African Rand Futures

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

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

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

259A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on South African rand futures.

259A03.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~~] any day of exercise except on the termination of trading day.

All South African rand options that are in the money[12] and have not been liquidated or exercised prior to the termination of trading, shall [~~, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer,~~] be exercised automatically.

Remainder of rule is unchanged.

Chapter 260A
Options on Russian Ruble Futures

260A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Russian ruble futures.

260A03.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~~] any day of exercise except on the termination of trading day.

All Russian ruble options that are in the money[13] and have not been liquidated or exercised prior to the termination of trading, shall [~~, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer,~~] be exercised automatically.

Remainder of rule is unchanged.

Chapter 261A
Options on Euro Futures

261A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Euro futures. Both American-style and European-style exercise options on currency futures are available for trading.

261A03.A.1. Exercise of American-Style Options 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. Central Time on [~~the~~] any day of exercise except on the termination of trading day.

All Euro options that are in the money[14] and have not been liquidated or exercised prior to the termination of trading, shall [~~, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. Central Time on the day of expiration by the clearing member representing the option buyer,~~] be exercised automatically.[15]

Remainder of rule is unchanged.

Chapter 266A

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

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

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

Options on Czech Koruna Futures

266A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Czech koruna futures.

266A03.A.1. 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~~] any day of exercise except on the termination of trading day.

All Czech koruna options that are in the money[16] and have not been liquidated or exercised prior to the termination of trading, shall [~~, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer,~~] be exercised automatically.

Remainder of rule is unchanged.

Chapter 267A
Options on Hungarian Forint Futures

267A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Hungarian Forint futures.

267A03.A.1. 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~~] any day of exercise except on the termination of trading day.

All Hungarian forint options that are in the money[17] and have not been liquidated or exercised prior to the termination of trading, shall [~~, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer,~~] be exercised automatically.

Remainder of rule is unchanged.

Chapter 268A
Options on Polish Zloty Futures

268A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Polish Zloty futures.

268A03.A.1. 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~~] any day of exercise except on the termination of trading day.

All Polish Zloty options that are in the money[18] and have not been liquidated or exercised prior to the termination of trading, shall [~~, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer,~~] be exercised automatically.

Remainder of rule is unchanged.

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

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

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

Chapter 269A
Options on Israeli Shekel Futures

269A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Israeli shekel futures.

269A03.A.1. 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~~] any day of exercise except on the termination of trading day.

All Israeli shekel options that are in the money[19] and have not been liquidated or exercised prior to the termination of trading, shall [~~, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer,~~] be exercised automatically.

Remainder of rule is unchanged.

Chapter 270A
Options on Chinese Renminbi Futures

270A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Chinese renminbi futures.

270A03.A.1. 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~~] any day of exercise except on the termination of trading day.

All Chinese renminbi options that are in the money[20] and have not been liquidated or exercised prior to the termination of trading, shall [~~, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer,~~] be exercised automatically.

Remainder of rule is unchanged.

Chapter 271A
Options on Korean Won Futures

271A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Korean won futures.

271A03.A.1. 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~~] any day of exercise except on the termination of trading day.

All Korean won options that are in the money[21] and have not been liquidated or exercised prior to the termination of trading, shall [~~, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer,~~] be exercised automatically.

Remainder of rule is unchanged.

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

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

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

Chapter 301A
Options on Euro/ British Pound (Euro/ BP) Futures

301A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Euro/ British pound cross-rate futures.

301A03.A.1. 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~~] any day of exercise except on the termination of trading day.

An option that is in the money[22] 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 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.~~]

Remainder of rule is unchanged.

Chapter 303A
Options on Euro/ Japanese Yen (Euro/ JY) Futures

303A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Euro/ Japanese yen cross-rate futures.

303A03.A.1. 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~~] any day of exercise except on the termination of trading day.

An option that is in the money[23] 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 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.~~]

Remainder of rule is unchanged.

Chapter 304A
Options on Euro/ Swiss Franc (Euro/ SF) Futures

304A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Euro/ Swiss franc cross-rate futures.

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

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

304A03.A.1. 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~~] any day of exercise except on the termination of trading day.

An option that is in the money[24] 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 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.~~]

Remainder of rule is unchanged.

Chapter 315A
Options on Euro/ Czech Koruna (Euro/ Koruna) Futures

315A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Euro/ Czech koruna cross-rate futures.

315A03.A.1. 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~~] any day of exercise except on the termination of trading day.

An option that is in the money[25] 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 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.~~]

Remainder of rule is unchanged.

Chapter 316A
Options on Euro/ Hungarian Forint (Euro/ Forint) Futures

316A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Euro/ Hungarian forint cross-rate futures.

316A03.A.1. 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~~] any day of exercise except on the termination of trading day.

An option that is in the money[26] and has not been liquidated or exercised prior to the termination of trading, shall

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

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

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

[~~, in the 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 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.~~]

Remainder of rule is unchanged.

Chapter 317A
Options on Euro/ Polish Zloty (Euro/ Zloty) Futures

317A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Euro/ Polish zloty cross-rate futures.

317A03.A.1. 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~~] <u>any</u> day of exercise <u>except on the termination of trading day</u>.

An option that is in the money[27] 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 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.~~]

Remainder of rule is unchanged.

Chapter 318A
Options on Chinese Renminbi/ Euro (RMB/ Euro) Futures

318A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Chinese renminbi/ Euro futures.

318A03.A.1. 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~~] <u>any</u> day of exercise <u>except on the termination of trading day</u>.

All Chinese renminbi/ Euro options that are in the money[28] and have not been liquidated or exercised prior to the termination of trading, shall [~~, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer,~~] be exercised automatically.

Remainder of rule is unchanged.

Chapter 319A
Options on Chinese Renminbi/ Japanese Yen (RMB/ Japanese Yen) Futures

[27] <u>An option is in the money if the settlement price of the underlying futures contract at termination lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.</u>

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

319A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Chinese renminbi/ Japanese yen futures.

319A03.A.1. 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~~] any day of exercise except on the termination of trading day.

All Chinese renminbi/ Japanese yen options that are in the money[29] and have not been liquidated or exercised prior to the termination of trading, shall [~~, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer,~~] be exercised automatically.

Remainder of rule is unchanged.

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

Appendix 2.

Clean Copy Incorporating Rule Changes to Eliminate "Contrary Instructions" on All American-Style FX Options Termination Days Only.

Chapter 251A
Options on British Pound Sterling Futures

251A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on British pound sterling futures. Both American-style and European-style exercise options on currency futures are available for trading.

251A03.A.1. Exercise of American-Style Exercise Options 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. Central time on any day of exercise except on the termination of trading day.

All British pound sterling options that are in the money[30] and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 252A
Options on Canadian Dollar Futures

252A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Canadian dollar futures. Both American-style and European-style exercise options on currency futures are available for trading.

252A03.A.1. Exercise of American-Style Options 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. Central Time on any day of exercise except on the termination of trading day.

All Canadian dollar options that are in the money[31] and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 253A
Options on Japanese Yen Futures

253A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Japanese yen futures. Both American-style and European-style exercise options on currency futures are available for trading.

253A03.A.1. Exercise of American-Style Options 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. Central Time on any day of exercise except on the termination of trading day.

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

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

All Japanese yen options that are in the money[32] and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 254A
Options on Swiss Franc Futures

254A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Swiss franc futures. Both American-style and European-style exercise options on currency futures are available for trading.

254A03.A.1. Exercise of American-Style Options 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. Central Time on any day of exercise except on the termination of trading day.

All Swiss franc options that are in the money[33] and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 255A
Options on Australian Dollar Futures

255A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Australian dollar futures.

255A03.A.1. 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 any day of exercise except on the termination of trading day.

All Australian dollar options that are in the money[34] and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 256A
Options on Mexican Peso Futures

256A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Mexican peso futures.

256A03.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 any day of exercise except on the termination of trading day.

All Mexican peso options that are in the money[35] and have not been liquidated or exercised prior to the

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

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

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

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

termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 257A
Options on Brazilian Real Futures

257A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Brazilian real futures.

257A03.A.1. Exercise of American-Style Options 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 any day of exercise except on the termination of trading day.

All Brazilian real options that are in the money[36] and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 258A
Options on New Zealand Dollar Futures

258A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on New Zealand dollar futures.

258A03.A.1. 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 any day of exercise except on the termination of trading day.

All New Zealand dollar options, that are in the money[37] and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 259A
Options on South African Rand Futures

259A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on South African rand futures.

259A03.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 any day of exercise except on the termination of trading day.

All South African rand options that are in the money[38] and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

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

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

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

Chapter 260A
Options on Russian Ruble Futures

260A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Russian ruble futures.

260A03.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 any day of exercise except on the termination of trading day.

All Russian ruble options that are in the money[39] and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 261A
Options on Euro Futures

261A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Euro futures. Both American-style and European-style exercise options on currency futures are available for trading.

261A03.A.1. Exercise of American-Style Options 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. Central Time on any day of exercise except on the termination of trading day.

All Euro options that are in the money[40] and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 266A
Options on Czech Koruna Futures

266A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Czech koruna futures.

266A03.A.1. 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 any day of exercise except on the termination of trading day.

All Czech koruna options that are in the money[41] and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 267A

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

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

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

Options on Hungarian Forint Futures

267A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Hungarian Forint futures.

267A03.A.1. 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 any day of exercise except on the termination of trading day.

All Hungarian forint options that are in the money[42] and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 268A
Options on Polish Zloty Futures

268A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Polish Zloty futures.

268A03.A.1. 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 any day of exercise except on the termination of trading day.

All Polish Zloty options that are in the money[43] and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 269A
Options on Israeli Shekel Futures

269A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Israeli shekel futures.

269A03.A.1. 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 any day of exercise except on the termination of trading day.

All Israeli shekel options that are in the money[44] and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 270A
Options on Chinese Renminbi Futures

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

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

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

270A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Chinese renminbi futures.

270A03.A.1. 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 any day of exercise except on the termination of trading day.

All Chinese renminbi options that are in the money[45] and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 271A
Options on Korean Won Futures

271A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Korean won futures.

271A03.A.1. 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 any day of exercise except on the termination of trading day.

All Korean won options that are in the money[46] and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 301A
Options on Euro/ British Pound (Euro/ BP) Futures

301A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Euro/ British pound cross-rate futures.

301A03.A.1. 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 any day of exercise except on the termination of trading day.

An option that is in the money[47] and has not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 303A
Options on Euro/ Japanese Yen (Euro/ JY) Futures

303A03. EXERCISE

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

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

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

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

option contracts on Euro/ Japanese yen cross-rate futures.

303A03.A.1. 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 any day of exercise except on the termination of trading day.

An option that is in the money[48] and has not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 304A
Options on Euro/ Swiss Franc (Euro/ SF) Futures

304A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Euro/ Swiss franc cross-rate futures.

304A03.A.1. 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 any day of exercise except on the termination of trading day.

An option that is in the money[49] and has not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 315A
Options on Euro/ Czech Koruna (Euro/ Koruna) Futures

315A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Euro/ Czech koruna cross-rate futures.

315A03.A.1. 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 any day of exercise except on the termination of trading day.

An option that is in the money[50] and has not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 316A
Options on Euro/ Hungarian Forint (Euro/ Forint) Futures

316A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Euro/ Hungarian forint cross-rate futures.

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

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

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

316A03.A.1. 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 any day of exercise except on the termination of trading day.

An option that is in the money[51] and has not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 317A
Options on Euro/ Polish Zloty (Euro/ Zloty) Futures

317A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Euro/ Polish zloty cross-rate futures.

317A03.A.1. 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 any day of exercise except on the termination of trading day.

An option that is in the money[52] and has not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 318A
Options on Chinese Renminbi/ Euro (RMB/ Euro) Futures

318A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Chinese renminbi/ Euro futures.

318A03.A.1. 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 any day of exercise except on the termination of trading day.

All Chinese renminbi/ Euro options that are in the money[53] and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

Chapter 319A
Options on Chinese Renminbi/ Japanese Yen (RMB/ Japanese Yen) Futures

319A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Chinese renminbi/ Japanese yen futures.

319A03.A.1. 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

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

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

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

any day of exercise except on the termination of trading day.

All Chinese renminbi/ Japanese yen options that are in the money[54] and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

Remainder of rule is unchanged.

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

Appendix 3.

Approved Changes to Rule 813 – SETTLEMENT PRICE

813. SETTLEMENT PRICE [55]

The settlement price shall be a price consistent with the minimum fluctuations of a commodity. Settlement prices shall be determined each business day for each commodity pursuant to the procedures set forth below. The procedure used to determine the settlement price of a commodity will depend on the product group, level of closing range activity and liquidity, and the bid – ask width and size, if settled to Globex.

1. The time and sales procedure is used when a trade occurs in the closing range (either the last 30 or 60 seconds). The first trade and every subsequent quote (trade, bid, offer) in the closing range are included in the calculation. The midpoint of the high and low quotes is the settlement price. If a midpoint cannot be determined, the settlement price is the price closer to the prior day's settlement price.

2. The last quote procedure is used when no trades occur in the closing range (either the last 30 or 60 seconds). The last valid quote of the day (trade, higher bid or lower offer) is the settlement price. In the event there are no valid quotes during the day, the settlement price will be the prior day's settlement price.

3. The bid-ask midpoint procedure is used for transactions that occur on Globex. The midpoint of the low bid and the high offer of the Globex closing range (either the last 30 or 60 seconds) is the settlement price. If a midpoint cannot be determined, the settlement price is the price closer to the prior day's settlement price.

4. When relevant spread trading information is available, it may also be used to assist in the calculation of settlement prices. (For example, Front and Red Eurodollars may be adjusted for calendar or fly spreads.)

5. In illiquid commodities, where there is no relevant market activity, any applicable market information, such as spot or cash markets, may be used to determine the settlement price.

6. Notwithstanding any of the foregoing and applicable for Australian Dollar, British Pound, Canadian Dollar, Euro, Japanese Yen and Swiss Franc futures contracts initially, the settlement price for the nearby liquid Currency Futures contract month shall equal the volume-weighted average price of sales on CME Globex during the 30-second closing range (usually 1:59:30 to 1:59:59 PM Central Time), provided such volume weighted average price is based upon at least three transactions ("Tier 1"). If less than three transactions or no sales occur in the 30-second closing range, then the settlement price shall be determined by the average of the nearby liquid futures contract month bid and offer spread during the 30-second closing range ("Tier 2"). If a settlement price cannot be determined by procedures given in the previous two sentences, then the settlement price for the nearby liquid Currency Futures contract month shall be determined by referencing as appropriate underlying spot prices and forward points ("Tier 3").

   Then, all other Currency Futures contract month settlement prices shall be determined by applying the previous day's settlement price spread differentials as appropriate to the nearby liquid Currency Futures contract month settlement price as determined by the prior three sentences.

[~~6~~] 7. Notwithstanding any of the foregoing, settlement prices for the E–Mini Standard and Poor's 500 Stock Price Index Futures, the E-Mini Standard and Poor's SmallCap 600 Index Futures, the E–Mini Nasdaq 100 Index Futures, the E-mini Three-month Eurodollar futures and the E–Mini Currency Futures contract months shall equal the settlement prices for the corresponding contract months of the Standard and Poor's 500 Stock Price Index Futures, the Standard and Poor's SmallCap 600 Index Futures, the Nasdaq 100 Index Futures, Three-month Eurodollar Futures and the Currency Futures, respectively. Further, the settlement price for the E-mini Five-Year Eurodollar Bundle Futures shall be the average of the settlement price for the underlying Eurodollar futures, rounded to the nearest 0.00001 IMM Index Points[56]

[~~7~~] 8. Options settlements are derived utilizing key market information, such as; outright bids and offers, implied volatility, the underlying futures movement, and relevant spread orders.

[~~8~~] 9. Notwithstanding the above, if a settlement price in any product, as derived by the normal methodology used

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[55] Revised January 1981; March 1981; April 1982; July 1982; September 1989; September 1992; November 1995; November 2000; November 2001.

[56] Adopted September 1997. Revised September 1999; May 2000; July 2000; June 2003, October 2006.

for that product, is inconsistent with trades, bids or offers in other months during the closing range or with other market information, an Exchange official may establish a settlement price that best reflects the true market valuation at the time of the close.

[~~9~~] 10. For products cleared by the Clearing House on behalf of another exchange, market or Marketplace other than the Exchange, the settlement price shall be determined according to the rules of such entity.

[~~10~~] 11. Notwithstanding the above, in the case of inaccuracy or unavailability of a settlement price from the Exchange, another exchange, market or Marketplace, or if such settlement price would create risk management concerns for the Clearing House, the Clearing House reserves the right to calculate settlement variation using an alternate price determined by the Clearing House.

Appendix 4.

Clean Copy of Approved Changes to Rule 813 – SETTLEMENT PRICE

813. SETTLEMENT PRICE [57]

The settlement price shall be a price consistent with the minimum fluctuations of a commodity. Settlement prices shall be determined each business day for each commodity pursuant to the procedures set forth below. The procedure used to determine the settlement price of a commodity will depend on the product group, level of closing range activity and liquidity, and the bid – ask width and size, if settled to Globex.

1. The time and sales procedure is used when a trade occurs in the closing range (either the last 30 or 60 seconds). The first trade and every subsequent quote (trade, bid, offer) in the closing range are included in the calculation. The midpoint of the high and low quotes is the settlement price. If a midpoint cannot be determined, the settlement price is the price closer to the prior day's settlement price.

2. The last quote procedure is used when no trades occur in the closing range (either the last 30 or 60 seconds). The last valid quote of the day (trade, higher bid or lower offer) is the settlement price. In the event there are no valid quotes during the day, the settlement price will be the prior day's settlement price.

3. The bid-ask midpoint procedure is used for transactions that occur on Globex. The midpoint of the low bid and the high offer of the Globex closing range (either the last 30 or 60 seconds) is the settlement price. If a midpoint cannot be determined, the settlement price is the price closer to the prior day's settlement price.

4. When relevant spread trading information is available, it may also be used to assist in the calculation of settlement prices. (For example, Front and Red Eurodollars may be adjusted for calendar or fly spreads.)

5. In illiquid commodities, where there is no relevant market activity, any applicable market information, such as spot or cash markets, may be used to determine the settlement price.

6. Notwithstanding any of the foregoing and applicable for Australian Dollar, British Pound, Canadian Dollar, Euro, Japanese Yen and Swiss Franc futures contracts initially, the settlement price for the nearby liquid Currency Futures contract month shall equal the volume-weighted average price of sales on CME Globex during the 30-second closing range (usually 1:59:30 to 1:59:59 PM Central Time), provided such volume weighted average price is based upon at least three transactions ("Tier 1"). If less than three transactions or no sales occur in the 30-second closing range, then the settlement price shall be determined by the average of the nearby liquid futures contract month bid and offer spread during the 30-second closing range ("Tier 2"). If a settlement price cannot be determined by procedures given in the previous two sentences, then the settlement price for the nearby liquid Currency Futures contract month shall be determined by referencing as appropriate underlying spot prices and forward points ("Tier 3").

   Then, all other Currency Futures contract month settlement prices shall be determined by applying the previous day's settlement price spread differentials as appropriate to the nearby liquid Currency Futures contract month settlement price as determined by the prior three sentences.

7. Notwithstanding any of the foregoing, settlement prices for the E–Mini Standard and Poor's 500 Stock Price Index Futures, the E-Mini Standard and Poor's SmallCap 600 Index Futures, the E–Mini Nasdaq 100 Index Futures, the E-mini Three-month Eurodollar futures and the E–Mini Currency Futures contract months shall equal the settlement prices for the corresponding contract months of the Standard and Poor's 500 Stock Price Index Futures, the Standard and Poor's SmallCap 600 Index Futures, the Nasdaq 100 Index Futures, Three-month Eurodollar Futures and the Currency Futures, respectively. Further, the settlement price for the E-mini Five-Year Eurodollar Bundle Futures shall be the average of the settlement price for the underlying Eurodollar futures, rounded to the nearest 0.00001 IMM Index Points[58]

8. Options settlements are derived utilizing key market information, such as; outright bids and offers, implied volatility, the underlying futures movement, and relevant spread orders.

9. Notwithstanding the above, if a settlement price in any product, as derived by the normal methodology used

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[57] Revised January 1981; March 1981; April 1982; July 1982; September 1989; September 1992; November 1995; November 2000; November 2001.

[58] Adopted September 1997. Revised September 1999; May 2000; July 2000; June 2003, October 2006.

for that product, is inconsistent with trades, bids or offers in other months during the closing range or with other market information, an Exchange official may establish a settlement price that best reflects the true market valuation at the time of the close.

10. For products cleared by the Clearing House on behalf of another exchange, market or Marketplace other than the Exchange, the settlement price shall be determined according to the rules of such entity.

11. Notwithstanding the above, in the case of inaccuracy or unavailability of a settlement price from the Exchange, another exchange, market or Marketplace, or if such settlement price would create risk management concerns for the Clearing House, the Clearing House reserves the right to calculate settlement variation using an alternate price determined by the Clearing House.