

DATE: June 21, 2017

TO: Clearing Member Firms

FROM: CME Clearing

ADVISORY #: 17-233

SUBJECT: **Clarification regarding Wednesday Weekly Options on Treasury Futures**

This is to clarify that Wednesday Weekly options on CBOT Treasury Note and Bond futures have the same behavior at expiration as was recently applied to options on CME FX futures, namely, that at expiration, if the underlying futures settlement price exactly matches an expiring option strike price, then the call option of that call/put pair shall be exercised and the corresponding put option shall be abandoned. Note also that contrary instructions are not allowed at expiration for these Wednesday Weekly options.

The option product codes affected are:

WT1 thru WT5	Wednesday Weekly options on 2-Year Treasury Note Futures
WF1 thru WF5	Wednesday Weekly options on 5-Year Treasury Note futures
WY1 thru WY5	Wednesday Weekly options on 10-Year Treasury Note futures
WX1 thru WX5	Wednesday Weekly options on "Ultra" 10-Year Treasury Note futures
WB1 thru WB5	Wednesday Weekly options on "Classic" Treasury Bond Futures
WU1 thru WU5	Wednesday Weekly options on "Ultra" Treasury Bond futures

Please note that these operational provisions comply with product rule amendments filed with the US Commodity Futures Trading Commission on Monday, June 19, 2017. (See "Amended Exercise Rules for at-the-money Exercise Prices of Wednesday Weekly Options on Short-Term U.S. Treasury Note Futures, Medium-Term U.S. Treasury Note Futures, Long-Term U.S. Treasury Note Futures, 10-Year U.S. Treasury Note Futures, U.S. Treasury Bond Futures, and Long-Term U.S. Treasury Bond Futures Contracts", CBOT Submission No 17-257, which is available at: <http://www.cmegroup.com/market-regulation/rule-filings/2017/06/17-257.pdf>)

For more information, please see:

New Product Advisory 17-179, published June 5, 2017, at:
<http://www.cmegroup.com/notices/clearing/2017/05/Chadv17-179.pdf>

Clearing Advisory 17-074, published February 24, 2017, at:
<http://www.cmegroup.com/notices/clearing/2017/02/Chadv17-074.pdf>

Clearing Advisory 17-084, published March 1, 2017, at:
<http://www.cmegroup.com/notices/clearing/2017/03/Chadv17-084.pdf>

This latter advisory details data that are published every day in the Product Reference Files and SPAN files that will allow CME Clearing member firms to automate these operational provisions in their systems. In addition, CME Clearing will publish an alert and notify open interest holders of the affected strikes if this condition occurs for any given expiring Wednesday Weekly option.

For more information please contact CME Clearing at 312-207-2525.