CME Group | Advisory Notice

TO: Clearing Member Firms

FROM: CME Clearing

ADVISORY #:   **16-500**

SUBJECT: **Fungibility for S&P 500 End of Month and Weekly Options starts December 15**

DATE: November 29, 2016

On Thursday, December 15, 2016, and pending final regulatory approval, CME Clearing will introduce "options fungibility" for positions in End of Month and Weekly S&P 500 options on futures. This change will allow option positions in the mini and corresponding standard size option products to offset one another in the same way that futures positions do today.

The E-mini S&P 500 End of Month Options (EW) and the standard sized S&P 500 End of Month Options (EV) will be eligible for the fungible offset service, together with the corresponding Wednesday and Friday weekly expirations. Here's the complete set of product codes:

S&P 500 Options	Full-Sized Options	E-Mini Options
End of Month Options	EV	EW
Friday weekly options	EV1, EV2, EV3, EV4	EW1, EW2, EW3, EW4
Wednesday weekly options	S1C, S2C, S3C, S4C, S5C	E1C, E2C, E3C, E4C, E5C

In the future, this new capability may be extended to other option products where the options are economically identical except that they are of different sizes, and where the options are European-style (exercise only at expiration) and do not allow contrary instructions to be entered.

Fungible Options Trade Entry

The corresponding change to the FEC Plus "Fungible Trade Entry Screen" will be implemented on Monday, December 5. That's when you'll see the new option related fields of Put/Call and Strike Price on the screen. You'll be able to begin using the screen for the S&P 500 end of month options beginning on Thursday, December 15.
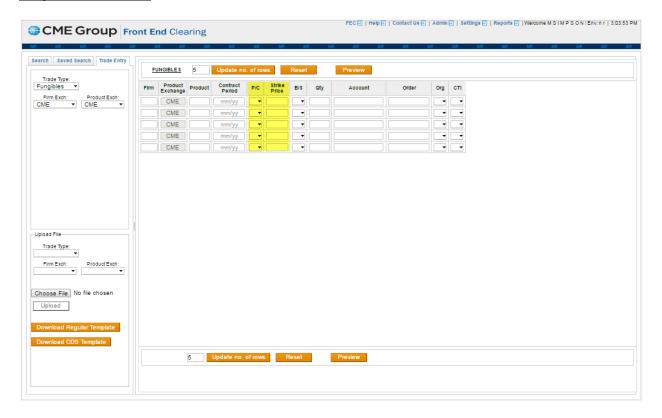
The desired expiration should be indicated by entering the appropriate symbol along with the put/call, strike price, and other required fields. Once this information has been specified the fungible set of fungibility transfer transactions may be previewed before saving.

Option fungibility transfer transactions for normal premium-style options will be created at a trade price of zero (to ensure that there is no premium associated with the transfer.) In the future, if and when this capability is extended to futures-style options, the transfer transactions will be created at the option's prior-day settlement price.

A sample of the enhanced screen is shown below in addition to the fungible transfer confirmation message, which firms use to load the resulting transfer transactions to books. There is no change to the confirmation message other than the addition of those fields specific to options.

The option fungibility capability is live today in CME Clearing's "New Release" testing environment, and firms may use this capability at any time to verify that their systems can properly load the fungibility transfer transactions to books. For more information, please contact CME Clearing at (312) 207-2525.

Fungible Trade Screen

Fungible Option Trade Confirmation Message

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