Chapter 355A
Options on S&P 500® / Growth Index Futures

355A00. SCOPE OF CHAPTER

This chapter is limited in application to trading in put and call options on the S&P 500/ Growth Index futures contract ("S&P 500/ Growth Index 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.

355A01. OPTION CHARACTERISTICS

355A01.A. Contract Months, Trading Hours, and Trading Halts

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 option contract when the S&P 500/ Growth Index primary futures contract is limit bid or offered at any price limit except at the Total Daily Price Limit on an option's last day of trading.

There shall be no trading in any option contract during a period when trading in the primary futures contract is terminated pursuant to Rule 35502.I.

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, Exchange staff shall have the responsibility of determining whether the primary futures contract is trading at its limit during Regular Trading Hours (RTH). During Electronic Trading Hours (ETH), the determination shall be made by the Globex Control Center.

355A01.B. Trading Unit

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 S&P 500/ Growth Index futures contract as specified in Chapter 355.

355A01.C. Minimum Fluctuations[1]

The price of an option shall be quoted in index points. Each .01 index point (1 basis point) shall represent $2.5. The minimum fluctuation shall be .10 index points ($25.00, also known as one tick). Trades may also occur at a price of .05 index points ($12.50, also known as one-half tick), whether or not such trades result in the liquidation of positions for both parties to the trade. A trade with a price equal to or less than 5.00 index points may also occur at a price in multiples of .05 index points, e.g., .15 index points ($37.50, also known as one and one-half ticks), and 1.95 index points ($487.50, also known as nineteen and one-half ticks).

Each leg of a combination trade of options contracts shall be traded at a price conforming to the minimum fluctuation. Notwithstanding, options in a combination trade can be traded at an increment of .05 index points regardless of the premium level if the net premium of the options combination is at or below 5.00 index points.

355A01.D. Underlying Futures Contract

1. Options in the March Quarterly Cycle

For options that expire in the March quarterly cycle (i.e., March, June, September, and December), 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

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), 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 options that expire in January or February is the March futures contract.

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355A01.E. Exercise Prices[1]

1. Options in the March Quarterly Cycle

The exercise prices shall be stated in terms of the S&P 500/ Growth Index futures contract.

At the commencement of trading for each contract, the Exchange shall list all exercise prices in a range of 20 index points above and below the previous day's settlement price of the underlying futures contract that are integers divisible by 5 without remainder, e.g. 500, 505, 510, etc.

If any of the foregoing exercise prices are within 2 index points of the settlement price of the underlying futures contract, then the Exchange shall list an additional exercise price at the unoccupied level above (or below) the exercise price that is within 2 index points of the previous day's settlement price.

When a contract month becomes the second-nearest contract month in the March quarterly cycle, the Exchange shall add exercise prices at an interval that is a number divisible by 2.5 without remainder in a range of 15 index points above and below the previous day's settlement price of the underlying futures contract

Thereafter, when a settlement price, in the underlying futures contract occurs at, or passes through, any exercise price, the Exchange shall list all eligible exercise prices in the corresponding ranges on the next trading day.

New options may be listed for trading up to and including the termination of trading.

Exchange Staff, under delegated authority from the Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

2. Options Not in the March Quarterly Cycle

Exercise prices for options not in the March quarterly cycle listed for trading shall be identical to the exercise prices that are listed for the March quarterly options on the same underlying futures contract. For example, the exercise prices listed for the January contract shall be identical to those listed for the March contract.

355A01.F. Position Limits

No person shall own or control a combination of options and underlying futures contracts that exceeds 20,000 futures-equivalent contracts net on the same side of the market in all contract months combined.

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, and a long or short futures-equivalent position in S&P 500/ Growth Index futures or options on futures will be considered to be embedded in a long or short futures-equivalent position of S&P 500 Stock Price Index futures or options on futures.

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.

355A01.G. Accumulation of Positions

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons action 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.

355A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559. and shall not apply to other option positions exempted pursuant to Rule 559.

355A01.I. Termination of Trading

1. Options in the March Quarterly Cycle

For options that expire in the March quarterly cycle, options trading shall terminate at the same date and time as the underlying futures contract.

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2. Options Not in the March Quarterly Cycle

For options that expire in months other than those in the March quarterly cycle, options trading shall terminate on the third Friday of the contract month. If that day is not a scheduled Exchange business day, options trading shall terminate on the first 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.

355A01.J. Contract Modification

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 new options contracts shall be subject to such governmental orders.

355A02. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the S&P 500/ Growth Index options.

355A02.A. Exercise of Option by Buyer

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

An option in the March quarterly cycle 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 business day following the termination of trading by the clearing member representing the option buyer, be automatically exercised.

In the money options that expire in months other than those in the March quarterly cycle 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 the expiration by the clearing member representing the option buyer, be exercised automatically.

355A02.B. Assignment

Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading 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 was exercised or a long position if a put was exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call was exercised and a short position if a put was 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.

355A03. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

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

355A04.-29. [RESERVED]

FLEXIBLE OPTIONS

355A30. SCOPE OF FLEXIBLE OPTION RULES

Unless otherwise noted below, the following flexible option rules supersede the standard option regulations presented in the earlier part of this chapter.

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355A31. FLEXIBLE OPTION CHARACTERISTICS

355A31.A. Nature of Flexible Contracts

Flexible options on Standard and Poor's Growth Index futures shall be permitted in puts and calls that do not have the same underlying futures contract, and the same strike price, and the same exercise style, and the same expiration date as standard listed options that are already available for trading.

Trading in standard options under certain flexible trading procedures shall be permitted prior to the listing of such options in the standard options pit or on Globex. Once and if these options are listed for trading as standard options in the standard options pit or on Globex, they will be traded only as standard options in the standard options pit or on Globex subject to the standard option trading requirements. Upon such listing, all existing open positions established under flexible trading procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

355A31.B. Trading Unit

The minimum size for requesting a quote and/or trading in a flexible option series is 10 contracts, where each contract represents an option to buy, in the case of the call, or to sell, in the case of the put, one Standard and Poor's Growth Index futures contract as specified in Chapter 355. However, parties may request a quote and/or trade for less than 10 contracts in order to entirely close out a position in a flexible series.

Respondents to a request for quote must be willing to trade at least 10 contracts. However, a respondent may trade less than 10 contracts if the respondent is entirely closing out a position in the series.

355A31.C. Minimum Fluctuations

(Refer to Rule 355A01. C.–Minimum Fluctuations)

355A31.D. Underlying Futures Contracts

The underlying futures contract for a flexible option shall be any Standard and Poor's Growth Index futures contract that is currently available for trading, as specified in Chapter 355.

355A31.E. Exercise Prices

Exercise prices shall be stated in terms of the Standard and Poor's Growth Index futures contract that is deliverable upon exercise of the option and may be at intervals of .10 for all Standard and Poor's Growth Index levels from .10 through 999.90, e.g., 260.00, 260.10, 260.20etc. However, for a Request for Quote (RFQ), strike prices may be stated in .10 Standard and Poor's Growth Index points (futures ticks) relative to the underlying futures contract.

355A31.F. Position Limits

(Refer to Rule 355A01.F.–Position Limits)

355A31.G. Accumulation of Positions

(Refer to Rule 355A01.G.–Accumulation of Positions)

355A31.H. Exemptions

(Refer to Rule 355A01.H.–Exemptions)

355A31.I. Termination of Trading[1]

Flexible option expiration dates may be specified for any scheduled Exchange business day up to and including the day of determination of the Final Settlement Price of the underlying futures contract. If a flexible option expiration occurs on the same day as the day of determination of the Final Settlement Price of its underlying futures contract, flexible options trading shall terminate at the same time as the underlying futures on the business day immediately preceding the day of determination of the Final Settlement Price of the underlying futures contract. Otherwise, flexible options trading shall terminate at the close of trading on the expiration date specified for the flexible option. 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.

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A new flexible option series may be opened on its last day of trading and may be traded on its last day of trading.

355A31.J. Contract Modification

(Refer to Rule 355A01.J.–Contract Modification)

355A32. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of flexible options on S&P Growth Index futures.

355A32.A. Exercise of Flexible Option by Buyer

Flexible options may be specified to have either American-style or European-style exercise.

A flexible option with American-style exercise may be exercised by the buyer on any business day that the option is traded and also on its expiration date. To exercise the 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.

A flexible option with European-style exercise may be exercised by the buyer only on the day that the option expires. To exercise the 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.

Any flexible option that is in the money and has not been liquidated or exercised prior to its expiration date shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 P.M. on the expiration date by the clearing member representing the option buyer, be exercised automatically.

355A32.B. Assignment

(Refer to Rule 355A02.B.–Assignment)

355A33. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

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

355A34. INITIATING A FLEXIBLE OPTION CONTRACT SERIES

For each trading session, the opening of trading in any flexible option series shall occur through a Request For Quote (RFQ). No RFQs will be accepted within fifteen minutes of the daily scheduled closing time of the underlying futures or within fifteen minutes prior to the termination of trading of the underlying futures.

355A35. RESPONSE TIME INTERVAL[1]

Trades against the first RFQ submitted for a flexible option series on any trading day may occur immediately upon acceptance of an RFQ by the designated flexible option pit official.

355A36. RFQ TRADING INTERVAL[2]

A flexible option series shall immediately open for trading following the first RFQ submitted for such flexible option series. Priority for RFQs is determined by order of submission to the RFQ official, except that all RFQs submitted before the open shall be treated equally.

355A37. EXPIRATION OF AN RFQ

Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session.

355A38. REPORTING OF FLEXIBLE OPTION TRADES

It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the designated flexible options pit official in a timely manner, including any later trades in open flexible contract term series.

(End of Chapter 355A)

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INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 355A

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CLARIFICATION OF NEW NON–AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE

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 spread with options, such that the net position across options and futures is less than the applicable limit set in the options rule.

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