Chapter 411A
Options on CME Pacific Rim Index Futures

411A00. SCOPE OF CHAPTER

This chapter is limited in application to trading in put and call options on CME Pacific Rim Indexes futures contracts. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

411A01. OPTION CHARACTERISTICS

411A01.A. Contract Months and Trading Hours

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

411A01.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 respective CME Pacific Rim Index futures contract as specified in Chapter 411.

411A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CME Pacific Rim Index. Each index point represents ¥25 Japanese Yen. For example, a quote of 2 index points represents ¥50 Japanese Yen. The minimum fluctuation shall be .01 index point (also known as one tick), equal to ¥25 Japanese Yen.

411A01.D. [Reserved]

411A01.E. Exercise Prices[1]

Exercise prices shall be stated in terms of the respective CME Pacific Rim Index futures contract. Eligible exercise prices are at intervals of .01 CME Pacific Rim Index point (e.g. 15.01, 15.02, 15.03, etc.).

At the commencement of option trading in a contract month, the Exchange shall list put and call options at intervals of .01 index point in a range of 0 to 10,000 index points upon demand evidenced in the options pit.

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

411A01.F. Position Limits

No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures-equivalent contracts net on the same side of the market in all contract months combined.

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

411A01.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 acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

411A01.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.

[1] Revised March 2008, May 2008.

411A01.I. Termination of Trading

Options trading shall terminate on the same date and time as the underlying futures contract.

411A01.J. Contract Modifications

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency or duly constituted body thereof issues an order, ruling, directive or law inconsistent with these rules, such order, ruling, directive or law shall be construed to become part of these rules and all open and new options contracts shall be subject to such governmental orders.

411A02. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CME Pacific Rim Indexes options.

411A02.A. Exercise of Option by Buyer

An option with European-style exercise may be exercised by the buyer only on the day that the option expires. To exercise an option the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. Chicago time on the day of exercise.

An option that is in the money and has not been liquidated prior to its expiration date shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. Chicago time on the day of termination of trading by the clearing member representing the option buyer, be exercised automatically.

411A02.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 before the opening of Regular Trading Hours in the underlying futures contract on the following business day.

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

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

411A03. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

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

(End Chapter 411A)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 411A

LIMITATION OF LIABILTY AND DISCLAIMER

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") grants the Exchange the rights to use various data ("Data") in connection with the trading of futures contracts and options on futures contracts based upon such Data. MDA makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the Data in connection with the trading of futures contracts, options on futures contracts or any other use. MDA makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Data. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE

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

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