

MARKET REGULATION ADVISORY NOTICE

| | |
|------------------------|---|
| Exchange | CME |
| Subject | Quarter Tick Trading in Eurodollar Options |
| Rule References | Rule 452A01.C. |
| Advisory Date | November 3, 2009 |
| Advisory Number | CME RA0903-2 |

This Advisory Notice supersedes CME Market Regulation Advisory Notice RA0803-2 from June 30, 2008, and is being reissued based on the elimination of the former requirement that covered trades involving quarter tick eligible options be executed only at the prevailing futures price and delta value.

As a reminder, Rule 452A01.C. permits trading of Eurodollar options (including options combinations and covered trades) in quarter tick increments when the underlying futures contract is eligible to trade in quarter tick increments. Eurodollar futures are eligible to trade in quarter ticks when the nearest expiring futures contract is a quarterly expiration. An options spread or combination which includes a quarter tick eligible option as part of the spread or combination is also allowed to trade in quarter tick increments.

Quarter tick trading is also allowed in Eurodollar options in the first two quarterly and first two serial expirations at any time provided that the premium of the outright or net differential of the spread is at or below 5 ticks.

Effective immediately, covered trades involving quarter tick eligible options will be allowed to trade at prices other than the prevailing futures price and delta value. The former requirement that the price of the futures leg be at or within the current bid/ask price available on CME Globex at the time the covered option is initially presented to the market is being eliminated as it has caused unnecessary confusion to the marketplace, is not applicable to covered options trades in other products and has been an impediment to the smooth operation of the market. The Interest Rate Products and Services Department will periodically review this issue and any changes will be communicated to the marketplace.

As a reminder, the elimination of the requirement that covered trades be executed only at the prevailing futures price and delta value in no way eliminates the requirement that all trades must be made openly and competitively.

Questions regarding this Advisor Notice may be directed to one of the following individuals:

David Reif, Interest Rate Products and Services, 312.648.3839

Tom Ozga, Market Regulation, 312.341.7638

Market Regulation Hotline, 312.930.3333

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.