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Special Executive Report

S-4571

May 8, 2007

Quarter-Tick Rules for Certain CME Eurodollar Option and Options Spreads Clarified

As previously published in CME Special Executive Report, S-4566, dated April 25, 2007, certain CME Eurodollar options and options combination shall be eligible for quarter-tick trading, effective Monday, May 14, 2007. Specifically, CME Eurodollar options in the first two serial or quarterly contract months may trade in the quarter ticks (.0025 IMM index points) if the premium is under 5 ticks (.05 IMM index points). Option spreads may also trade in quarter-tick increments if the net premium is under 5 ticks, provided that all of the options in the spread are in the first two serial or quarterly contract months.

Under the current rule, if the underlying futures contract of the option is trading in quarter tick increments, the options will also trade in quarter tick increments. Therefore, any spreads involving these options will also trade in quarter-tick increments, irrespective of the net premium levels.

The text of the Rule amendment follows, with the single addition underlined.

Chapter 452A Options on Three-Month Eurodollar Futures

452A01.C. Minimum Fluctuations

The price of an option shall be quoted in IMM Index points, except as provided in Rule 584 (GLOBEX Volatility Quotes). Each .01 IMM Index point (1 basis point) shall represent \$25, except for 5 Year bundle options as specified in Paragraph 3. For example, a quote of 0.35 represents an option price of \$875 (35 basis points x \$25).

1. Contract Month Whose Underlying Futures Contract is the Nearest Expiring Futures Contract Month

The minimum fluctuation shall be .0025 IMM Index point (also known as one-quarter tick).

2. All Other Contract Months

The minimum fluctuation shall be .005 IMM Index point (also known as one-half tick). Trades may also occur at a price of .0025 IMM Index point (\$6.25, also known as one-quarter tick), whether or not such trades result in the liquidation of positions for both parties to the trade.

Further, for options expiring in the nearest or second nearest March quarterly or the nearest or second nearest non-March quarterly contract months trading at a premium of no more than .05 IMM Index points, or spread and combination trades at a net premium of no more than .05 IMM Index points and consisting of options contracts involving the nearest and/or second nearest non-March quarterly months and/or the nearest and/or second nearest March quarterly months only, the options in the combination may trade in increments of .0025 IMM index points.

For the purpose of Rule 813.—Settlement Prices, the minimum fluctuation shall be .0025 IMM Index point (\$6.25, also known as one-quarter tick)

3. 5-Year Bundle Options

The minimum fluctuation shall be .005 IMM Index point (\$250, also known as one-half tick).

4. MidCurve Options

The minimum fluctuation shall be .005 IMM Index point (\$12.50, also known as one-half tick). Trades may also occur at a price of .0025 IMM Index point (\$6.25, also known as one-quarter tick), whether or not such trades result in the liquidation of positions for both parties to the trade.

For the purpose of Rule 813—Settlement Prices, the minimum fluctuation shall be .0025 IMM Index point (\$6.25, also known as one-quarter tick).

If options are quoted in volatility terms, the minimum fluctuations shall be 0.05 percent.

[The remainder of Chapter 452A is unchanged.]

If you have any questions, please contact Mr. Jeff Kilinski, Interest Rate Products, at 312-648-3817, or Mr. Richard Co, Research & Product Development, at 312-930-3227.