



## Special Executive Report

**S-4635**

November 12, 2007

### **Treasury-Matched MidCurve Options on Eurodollar Futures to Commence Trading on November 19, 2007**

Effective on the trade date of November 19, 2007, the Exchange shall list for trading of One-Year MidCurve Options on Eurodollar futures with the same expiration dates as Options on Treasury Futures listed at the Chicago Board of Trade. These contracts shall expire on the Friday at least two business days prior to the last business days of the month preceding the options contract month, except when otherwise determined, e.g. due to holiday arrangements.

Note that the Exchange currently lists for trading weekly expirations of One-Year MidCurve Options on Eurodollar futures, which expire on Fridays. If the Weekly MidCurve option to be listed has an identical expiration day as a Treasury-Matched MidCurve Option that has already been listed for trading, the duplicate Weekly Option will not be listed for trading.

The Exchange shall list for trading five March quarterly expirations and two non-March quarterly ("serial") expirations to match the expirations of Options on Treasury Futures, except when another One-Year MidCurve option with identical expiration has already been listed. Trading venue and hours shall be identical to the other Eurodollar options.

The text of the amendments to Chapter 452A is as follows, with additions double-underlined and deletions bracketed and overstruck.

### **Chapter 452A** **Options on Three-month Eurodollar Futures**

#### **452A00. SCOPE OF CHAPTER**

This chapter is limited in application to trading in put and call options of the Three-Month Eurodollar Time Deposit futures contract ("Eurodollar 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.

**452A01. OPTION CHARACTERISTICS**

**452A01.A. - 452A01.C**

[Unchanged]

**452A01.D. Underlying Futures Contracts**

**1. Options in the March Quarterly Cycle ("Quarterly Options")**

For options that expire in the March quarterly cycle (i.e., March, June, September, and December), except for those Mid-Curve options specified in Paragraphs 3, 4, and 5 and those 5-Year bundle options specified in Paragraph 6, 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 ("Serial Options")**

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) except for those Mid-Curve options specified in Paragraphs 3, 4 and 5 and those 5-Year bundle options specified in Paragraph 6, 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 the options that expire in January or February is the March futures contract.

**3. One-Year Mid-Curve Options**

One-Year Mid-Curve Options in the March Quarterly Cycle: ("Quarterly One-Year Mid-Curve Options")

For One-Year Mid-Curve options that expire in the March quarterly cycle, (i.e. March, June, September, and December), the underlying futures contract is the futures contract that expires twelve calendar months after the month in which the option expires.

One-Year Mid-Curve Options Not in the March Quarterly Cycle: ("Serial One-Year Mid-Curve Options")

For Serial One-Year Mid-Curve 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 futures contract that expires twelve calendar months from the next March quarterly month that is nearest to the expiration of the option. For example, the underlying futures contract for the One-Year Mid-Curve options that expire in January or February is the March futures contract in the next calendar year.

Weekly One-Year Mid-Curve Options and Treasury-Matched One-Year Mid-Curve Options

For Weekly One-Year Mid-Curve Options and Treasury-Matched One-Year Mid-Curve Options, the underlying futures contract is the futures contract that expires twelve calendar months from the next March quarterly month that is nearest to the expiration of the option.

**4. Two-Year Mid-Curve Options**

For Two-Year Mid-Curve options, the underlying futures contract is the futures contract that expires twenty-four calendar months after the month in which the option expires.

**5. Fifth-Year MidCurve Options**

For Fifth-Year Mid-Curve options, the underlying futures contract is the futures

contract that expires forty-eight calendar months after the month in which the option expires.

**6. 5-Year Bundle Options**

5-Year Bundle Options in the March Quarterly Cycle:

For the 5-Year bundle option that expires in the March quarterly cycle, (i.e., March, June, September, and December), the underlying instrument is the 5-Year bundle with the nearest futures contract expiring in the same month as the option expires. For example, the underlying instrument for the December 97 5-Year bundle option is the 5-Year bundle starting with the December 97 futures contract.

5-Year Bundle Options Not in the March Quarterly Cycle:

For 5-Year bundle option that expires in months other than those in the March quarterly cycle, (i.e., January, February, April, May, July, August, October, and November), the underlying instrument is the 5-Year bundle with the nearest futures contract expiring in the March quarterly cycle that is next to the expiration of the option. For example, the underlying instrument for the 5-Year bundle option that expires in January 98 or February 98 is the 5-Year bundle futures starting with the March 98 futures contract.

**452A01.E. – 452A01.I**

[Unchanged]

**452A01.J. Termination of Trading**

**1. Options in the March Quarterly Cycle (“Quarterly Options”)**

For options in the March quarterly cycle, except for those Mid-Curve options specified in Paragraph 3 and those 5-Year bundle options specified in Paragraph 4, options trading shall terminate at the same date and time as the underlying futures contract.

**2. Options Not in the March Quarterly Cycle (“Serial Options”)**

Options trading for contracts not in the March quarterly cycle except for those Mid-Curve options specified in Paragraph 3 and those 5-Year bundle options specified in Paragraph 4, shall terminate at the close of trading on the Friday preceding the third Wednesday of the contract month. If the foregoing date for termination is a scheduled Exchange holiday, options trading shall terminate on the immediately 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.

**3. Mid-Curve Options**

Except for the weekly One-Year Mid-Curve options, trading in One-Year, Two-Year and Fifth-Year Mid-Curve options shall terminate at the close of trading on the Friday preceding the third Wednesday of the calendar month containing the Mid-Curve option expiration. If the foregoing date for termination is a scheduled Exchange holiday, options trading shall terminate on the immediately 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.

Trading in weekly One-Year Mid-Curve options shall terminate at the close of trading on those Fridays that are not also the termination of trading of a Quarterly or Serial One-Year Mid-Curve option or a Treasury-Matched One-Year Mid-Curve options. If the foregoing date for termination is a scheduled Exchange holiday, trading in weekly options shall terminate on the immediately preceding business day. In the event that

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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.

Trading in Treasury-Matched One-Year Mid-Curve options shall terminate at the close of trading on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, or there is a Friday which is not a business day which precedes by one business day the last business day of the month preceding the option month, the last day of trading will be the business day prior to such Friday. 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.

#### 4. 5-Year Bundle Options

Trading in 5-Year Bundle options shall terminate at the close of trading on the Friday preceding the third Wednesday of the contract month. If the foregoing date for termination is a scheduled Exchange holiday, options trading shall terminate on the immediately 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.

#### 452A01.K. 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 government orders.

*[The remainder of Chapter 452A remains unchanged.]*

*If you have any questions, please do not hesitate to contact Mr. Jeff Kilinski (312-648-3817), or Mr. David Reif (312-648-3839) at Interest Rate Marketing.*