



Special Executive Report

S-4636

November 16, 2007

Expansion of One-By-Five S&P 500 – E-mini S&P 500 Option Spreads

Currently, E-mini S&P 500 options can be traded via open outcry during regular trading hours of the S&P 500 futures and options as part of a spread transaction only in the front contract month and only one strike in-the-money (ITM). Effective on the trade date of Friday, November 16, 2007, such special spread trading will expand to all contract months and strikes that are among the nearest five to the ITM strikes.

The spread must consist of the simultaneous buying of S&P 500 options and selling of 5 E-mini S&P 500 options of the same month, strike and put/call type. The purpose of this one-by-five (1x5) spread trade is to let participants “net out” offsetting positions in these contracts and better control the contrarian exercise risk at the expiring.

Please note that, while the S&P 500 futures and the E-mini S&P 500 futures are fungible at the Clearing House, their counterparts in options are not fungible. The Exchange permits this specific type of spread trade to facilitate risk management for participants with a sizeable portfolio of options positions. In particular, participants may employ this type of spread trade to reduce the early exercise and contrarian instruction risks associated with the largely offsetting options positions accumulated over time.

If you have any questions regarding this change, please contact Mr. Tom Boggs, Equity Index Products, at 312-930-3038, or Ms. Lucy Wang, Research & Product Development, at 312-648-5478.