CME Group
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Special Executive Report

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NEW STRIKE BANDS ON CBOT AGRICULTURAL FUTURES OPTIONS

The strike ranges for CBOT Agricultural Options contracts will be expanded effective August 11. Each quarter, the number of strikes that will be listed above and below the At-The-Money strike will be determined based on the reference price of the nearest future contract. The number of strikes will be calculated so that all strikes within 50 percent of the underlying futures price will generally be listed. This process is consistent with the current practice in the Standard and Poor's options contracts. Strike ranges generated quarterly satisfy customer desires to have expanded strike ranges based on underlying prices. Should additional expansion be needed between quarterly strike range updates, implementation of dynamic strike listing would suffice until the next quarterly strike range update. Dynamic strike listing provides for customers the ability to trade a particular strike price not previously listed. The dynamically listed strike must be in a legal strike integral and will be listed initially (the first day) in the open outcry platform before being available the next business day on CME Globex®. Dynamic strike listing in CBOT agricultural products was approved in April and is scheduled for implementation on September 26. Dynamic strike price listing also is consistent with Standard and Poor's options contracts.

The text of the rule amendments is given below, with additions underlined and deletions bracketed and overstruck:

10A01.E. Exercise Prices

Trading shall be conducted for put and call options with striking prices in integral multiples of five (5) cents and ten (10) cents per bushel per Corn futures contract as follows:

A referencing price shall be determined each quarter on the first business day in March, July, September, and December and shall equal the daily settlement price of the nearest expiring Corn futures contract. The referencing price shall be multiplied by 50 percent and divided by 10 without remainder to determine the reference number of 10 cent strikes. The referencing price shall be multiplied by

25 percent and divided by 5 without remainder to determine the reference number of 5 cent strikes.

1.

a. At the commencement of trading for [~~any~~] **each** option contract, the Exchange shall list a strike closest to the previous day's settlement price of the underlying Corn futures contract (the at-the-money strike), and **the reference number of 10 cent** strikes in integral multiples of ten cents [~~in a range 50 percent~~] above and below the at-the-money strike. If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two.

b. Over time, new ten cent strikes will be added to ensure that all strikes within **the reference number of 10 cent strikes above and below** [~~50 percent of~~] the previous day's settlement price in the underlying futures contract are listed.

2.

a. At the commencement of trading for options that are traded in months in which Corn futures are not traded, and for standard option months the business day they become the second listed month, the Exchange shall list a strike closest to the previous day's settlement price of the underlying Corn futures contract (the at-the-money strike), and **the reference number of 5 cent** strikes in integral multiples of five cents [~~in a range of 25 percent~~] above and below the at-the-money strike. If the previous day’s settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two. For example, five-cent strike price intervals for the September contract would be added on the first business day after the expiration of the July options contract.

b. Over time, new five-cent strike prices will be added to ensure that all strikes within **the reference number of 5 cent strikes above and below** [~~25 percent of~~] the previous day's settlement price in the underlying futures are listed.

3. All strikes will be listed prior to the opening of trading on the following business day. **Upon demand and at the discretion of the Exchange, new out-of-current-range strike prices at regularly defined intervals may be added for trading on as soon as possible basis.** The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. [~~The Exchange will not generally consider new strike prices beyond the strike bands described above.~~] **As new reference numbers of 5 and 10 cent strikes are determined each quarter, existing strikes outside the newly determined strike ranges without open interest may be de-listed.**

11A01.E. Exercise Prices

Trading shall be conducted for put and call options with striking prices in integral multiples of ten (10) cents and twenty (20) cents per bushel per Soybean futures contract as follows:

A referencing price shall be determined each quarter on the first business day in March, July, September, and December and shall equal the daily settlement price of the nearest expiring Soybean futures contract. The chosen referencing price shall be multiplied by 50 percent and divided by 20 without remainder to determine the reference number of 20 cent strikes. The chosen referencing price shall be multiplied by 25 percent and divided by 10 without remainder to determine the reference number of 10 cent strikes.

1.

a. At the commencement of trading for [~~any~~] **each** option contract, the Exchange shall list a strike closest to the previous day's settlement price of the underlying Soybean futures contract (the at-the-money strike), and **the reference number of 20 cent** strikes in integral multiples of twenty cents [~~in a range of 50 percent~~] above and below the at-the-money strike. If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two.

b. Over time, new twenty cent strikes will be added to ensure that all strikes within **the reference number of 20 cent strikes above and below** [~~50 percent of~~] the previous day's settlement price in the underlying futures contract are listed.

2.

a. At the commencement of trading for options that are traded in months in which Soybean futures are not traded, and for standard option months the business day they become the second listed month, the Exchange shall list a strike closest to the previous day's settlement price of the underlying Soybean futures contract (the at-the-money strike), and **the reference number of 10 cent strikes** in integral multiples of ten cents [~~in a range 25 percent~~] above and below the at-the-money strike. If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two. For example, ten-cent strike price intervals for the September contract would be added on the first business day after the expiration of the July options contract.

b. Over time, new ten-cent strike prices will be added to ensure that all strikes within **the reference number of 10 cent strikes above and below** [~~25 percent of~~] the previous day's settlement price in the underlying futures are listed.

3. All strikes will be listed prior to the opening of trading on the following business day. **<u>Upon demand and at the discretion of the Exchange, new out-of-current-range strike prices at regularly defined intervals may be added for trading on as soon as possible basis.</u>** The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. [~~The Exchange will not generally consider new strike prices beyond the strike bands described above.~~] **<u>As new reference numbers of 10 and 20 cent strikes are determined each quarter, existing strikes outside the newly determined strike ranges without open interest may be de-listed.</u>**

14A01.E. Exercise Prices

Trading shall be conducted for put and call options with striking prices in integral multiples of five (5) cents and ten (10) cents per bushel per Wheat futures contract as follows:

<u>A referencing price shall be determined each quarter on the first business day in March, July, September, and December and shall equal the daily settlement price of the nearest expiring Wheat futures contract. The chosen referencing price shall be multiplied by 50 percent and divided by 10 without remainder to determine the reference number of 10 cent strikes. The chosen referencing price shall be multiplied by 25 percent and divided by 5 without remainder to determine the reference number of 5 cent strikes.</u>

1.

a. At the commencement of trading for [~~any~~] **<u>each</u>** option contract, the Exchange shall list a strike closest to the previous day's settlement price of the underlying Wheat futures contract (the at-the-money strike), and **<u>the reference number of 10 cent</u>** strikes in integral multiples of ten cents [~~in a range of 50 percent~~] above and below the at-the-money strike. If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two.

b. Over time, new ten cent strikes will be added to ensure that all strikes within **<u>the reference number of 10 cent strikes above and below</u>** [~~50 percent of~~] the previous day's settlement price in the underlying futures contract are listed.

2.

a. At the commencement of trading for options that are traded in months in which Wheat futures are not traded, and for standard option months the business day they become the second listed month, the Exchange shall list a strike closest to the previous day's settlement price of the underlying Wheat futures contract (the at-the-money strike), and **<u>the reference number of 5 cent</u>** strikes in integral multiples of five cents [~~in a range 25 percent~~] above and below the at-the-money strike. If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two. For example, five-cent strike price intervals for the September contract would be added on the first business day after the expiration of the July options contract.

b. Over time, new five-cent strike prices will be added to ensure that all strikes within **<u>the reference number of 5 cent strikes above and below</u>** [~~25 percent of~~] the previous day's settlement price in the underlying futures are listed.

3. All strikes will be listed prior to the opening of trading on the following business day. **<u>Upon demand and at the discretion of the Exchange, new out-of-current-range strike prices at regularly defined intervals may be added for trading on as soon as possible basis.</u>** The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. [~~The Exchange will not generally consider new strike prices beyond the strike bands described above.~~] **<u>As new reference numbers of 5 and 10 cent strikes are determined each quarter, existing strikes outside the newly determined strike ranges without open interest may be de-listed.</u>**

12A01.E. Exercise Prices

Trading shall be conducted for put and call options with striking prices (the "strikes") in integral multiples of one half cent per pound per Soybean Oil futures contract [~~(the "first tier"), and in integral multiples of one cent per pound (in even penny increments) per Soybean Oil futures contract (the "second tier")~~] as follows:

<u>A referencing price shall be determined each quarter on the first business day in March, July, September, and December and shall equal the daily settlement price of the nearest expiring Soybean Oil futures contract. The chosen referencing price shall be multiplied by 50 percent and divided by .5 without remainder to determine the reference number of one half cent strikes.</u>

1.

a. At the commencement of trading for [~~any~~] **<u>each</u>** option contract, the Exchange shall list a strike closest to the previous day's settlement price of the underlying Soybean Oil futures contract (the at-the-money strike), and **<u>the reference number of one half cent</u>** strikes [~~in a range 50 percent~~] above and below the at-the-money strike. If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two.

b. Over time, strikes shall be added as necessary to ensure that all strikes within **<u>the reference number of one half cent strikes above and below</u>** [~~50 percent of~~] the previous day's settlement price in the underlying futures contract are listed.

2. All strikes will be listed prior to the opening of trading on the following business day. **Upon demand and at the discretion of the Exchange, new out-of-current-range strike prices at regularly defined intervals may be added for trading on as soon as possible basis.** The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. [~~The Exchange will not generally consider new strike prices beyond the strike bands described above.~~] **As a new reference number of one half cent strikes is determined each quarter, existing strikes outside the newly determined strike ranges without open interest may be de-listed.**

13A01.E. Exercise Prices
Trading shall be conducted for put and call options with striking prices (the "strikes") in integral multiples of five (5) dollars per ton per Soybean Meal futures contract for all strikes less than two hundred dollars and in integral multiples of ten (10) dollars per ton per Soybean Meal futures contract for all strikes greater than or equal to two hundred dollars as follows:

A referencing price shall be determined each quarter on the first business day in March, July, September, and December and shall equal the daily settlement price of the nearest expiring Soybean Meal futures contract. The chosen referencing price shall be multiplied by 50 percent and divided by 10 without remainder to determine the reference number of strikes.

1.
   a. At the commencement of trading for [~~any~~] **each** option contract, the Exchange shall list a strike closest to the previous day's settlement price of the underlying Soybean Meal futures contract (the at-the-money strike), and **the reference number of** strikes [~~in a range 50 percent~~] above and below the at-the-money strike. If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two.

   b. Over time, strikes shall be added as necessary to ensure that all strikes within **the reference number of strikes above and below** [~~50 percent of~~] the previous day's settlement price in the underlying futures are listed.

2. All strikes will be listed prior to the opening of trading on the following business day. **Upon demand and at the discretion of the Exchange, new out-of-current-range strike prices at regularly defined intervals may be added for trading on as soon as possible basis.** The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. [~~The Exchange will not generally consider new strike prices beyond the strike bands described above.~~] **As a new reference number of strikes is determined each quarter, existing strikes**

<u>outside the newly determined strike ranges without open interest may be de-listed.</u>

15A01.E. Exercise Prices

Trading shall be conducted for put and call options with striking prices in integral multiples of five (5) cents and ten (10) cents per bushel per Oat futures contract as follows:

<u>A referencing price shall be determined each quarter on the first business day in March, July, September, and December and shall equal the daily settlement price of the nearest expiring Oat futures contract. The chosen referencing price shall be multiplied by 50 percent and divided by 10 without remainder to determine the reference number of 10 cent strikes. The chosen referencing price shall be multiplied by 25 percent and divided by 5 without remainder to determine the reference number of 5 cent strikes.</u>

1.

a. At the commencement of trading for [~~any~~] **<u>each</u>** option contract, the Exchange shall list a strike closest to the previous day's settlement price of the underlying Oat futures contract (the at-the-money strike, and **<u>the reference number of 10 cent</u>** strikes in integral multiples of ten cents [~~in a range 50 percent~~] above and below the at-the-money strike. If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two.

b. Over time, new ten cent strikes will be added to ensure that all strikes within **<u>the reference number of 10 cent strikes above and below</u>** [~~50 percent of~~] the previous day's settlement price in the underlying futures contract are listed.

2.

a. At the commencement of trading for options that are traded in months in which Oat futures are not traded, and for standard option months the business day they become the second listed month, the Exchange shall list a strike closest to the previous day's settlement price of the underlying Oat futures contract (the at-the-money strike), and **<u>the reference number of 5 cent</u>** strikes in integral multiples of five cents [~~in a range of 25 percent~~] above and below the at-the-money strike. If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two. For example, five-cent strike price intervals for the September contract would be added on the first business day after the expiration of the July options contract.

b. Over time, new five-cent strike prices will be added to ensure that all strikes within **the reference number of 5 cent strikes above and below** [~~25 percent of~~] the previous day's settlement price in the underlying futures are listed.

3. All strikes will be listed prior to the opening of trading on the following business day. **Upon demand and at the discretion of the Exchange, new out-of-current-range strike prices at regularly defined intervals may be added for trading on as soon as possible basis.** The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. [~~The Exchange will not generally consider new strike prices beyond the strike bands described above.~~] **As new reference numbers of 5 and 10 cent strikes are determined each quarter, existing strikes outside the newly determined strike ranges without open interest may be de-listed.**

17A01.E. Exercise Prices
Trading shall be conducted for put and call options with striking prices in integral multiples of twenty (20) cents per hundredweight per Rough Rice futures contract as follows:

A referencing price shall be determined each quarter on the first business day in March, July, September, and December and shall equal the daily settlement price of the nearest expiring Rough Rice futures contract. The chosen referencing price shall be multiplied by 50 percent and divided by 0.20 without remainder to determine the reference number of 20 cent strikes.

1.
a. At the commencement of trading for [~~an~~] **each** option contract, the Exchange shall list a strike closest to the previous day's settlement price of the underlying Rough Rice futures contract (the at-the-money strike), and **the reference number of** strikes [~~in a range of 50 percent~~] above and below the at-the-money strike. If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two.

b. Over time, strikes shall be added as necessary to ensure that all strikes within **the reference number of strikes above and below** [~~50 percent of~~] the previous day's settlement price in the underlying futures contract are listed.

2. All strikes will be listed prior to the opening of trading on the following business day. **Upon demand and at the discretion of the Exchange, new out-of-current-range strike prices at regularly defined intervals may be added for trading on as soon as possible basis.** The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. [~~The Exchange~~

~~will not generally consider new strike prices beyond the strike bands described above.~~]
As a new reference number of strikes is determined each quarter, existing strikes outside the newly determined strike ranges without open interest may be de-listed.

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