

AGRICULTURAL PRODUCTS

Grain And Oilseed Calendar Spread Options

Manage Futures Spread Risk With Greater Precision And Efficiency

Overview

Calendar Spread Options (CSOs) are options on the price differential between two futures months. The price differential is defined as a specified nearby futures month price minus a specified deferred futures month price. Unlike standard options, CSOs are sensitive only to the value and volatility of the spread itself, rather than the price of the underlying commodity. Fluctuations in grain and oilseed prices do not affect CSO premiums as strongly as a hedging strategy that simply combines standard options from two different calendar months.

Contracts

Corn, Wheat, Soybean, Soybean Oil and Soybean Meal CSOs are listed on and subject to the rules of CBOT, and trade Sunday through Friday from 6:00 p.m. to 7:15 a.m. Central Time (CT) and Monday through Friday 9:30 a.m. to 1:15 p.m. CT on the CME Globex electronic platform. Additionally, these products are available on the CBOT trading floor during regular trading hours. All CSO contracts follow a "European-style" exercise model, meaning that buyers may exercise the option only on the expiration date itself.



Deep Liquidity

Dedicated market makers provide a continuous stream of live bid/offer quotes



Security

CME Group provides security through centralized clearing and guaranteed counterparty credit



Transparency and Anonymity

Everyone who trades at CME Group has complete and equal access to the book of prices and trading opportunities

For more information on grain spread options, including Calendar Spread options and Soybean-Corn Price Ratio options, visit www.cmegroup.com/gso.

CALENDAR SPREAD OPTIONS

CONTRACT SPECIFICATIONS

Corn, Soybeans, Wheat

Contract Size

One long futures contract (of a specified month) consisting of 5,000 bushels, and one short futures contract (of a differing specified month) consisting of 5,000 bushels.

Tick Size (minimum fluctuation)

1/8 of one cent per bushel (\$6.25 per contract)

Price Basis

The price basis shall be defined as the specified nearby futures contract month price minus the specified deferred futures contract month price.

Strike Price Intervals

Trading shall be conducted for put and call options on futures calendar spreads consisting of the nearby futures month and the next available futures month (consecutive spreads) with strike prices in integral multiples of one cent per bushel. Trading shall be conducted for put and call options on futures calendar spreads consisting of the nearby futures month and a futures month beyond the next available futures month with strike prices in integral multiples of five cents per bushel. More details on strike price intervals are outlined in Rule 10J01.E, 11E01.E and 14D01.E for Corn, Soybeans and Wheat, respectively.

Contract Months

The three consecutive futures calendar spreads (for example Dec-Mar, Mar-May, May-July) and longer dated calendar spreads as defined by:
Corn July-Dec, Dec-July and Dec-Dec (1 year)
Wheat Dec-July, July-Dec and July-July (1 year)
Soybean July-Nov, Nov-July, Jan-May, Mar-July and Nov-Nov (1 year)

Daily Price Limit

Corn \$.40 cents per bushel, expandable to \$.60 when the market closes at limit bid or limit offer. There shall be no price limits on the last trading day.
Soybeans \$1.40 cents per bushel, expandable to \$2.10 and then to \$3.20 when the market closes at limit bid or limit offer. There shall be no price limits on the last trading day.
Wheat \$1.20 cents per bushel, expandable to \$1.80 and then to \$2.70 when the market closes at limit bid or limit offer. There shall be no price limits on the last trading day.

Last Trade Date

The last Friday preceding the first notice day of the corresponding nearby futures contract month by at least two business days.

Exercise

Exercise is European-style. The buyer of a futures calendar spread option may exercise the option only upon expiration by giving notice to the CME Clearing by 6:00 p.m. CT. Option exercise results in two underlying futures market positions. Options in-the-money on the last day of trading is automatically exercised.

Trading Hours (all times in CT)

CME Globex (electronic platform): 6:00 p.m. – 7:15 a.m. and 9:30 a.m. – 1:15 p.m., beginning Sunday at 6:00 p.m. and ending Friday at 1:15 p.m.
Open Outcry (CBOT trading floor): 9:30 a.m. – 1:15 p.m., Monday – Friday

Soybean Meal

One long Soybean Meal futures contract (of a specified month) consisting of 100 short tons, and one short Soybean Meal futures contract (of a differing specified month) consisting of 100 short tons.

5 cents per short ton (\$5.00 per contract)

The price basis shall be defined as the specified nearby Soybean Meal futures contract month price minus the specified deferred Soybean Meal futures contract month price.

Trading shall be conducted for put and call options with striking prices in integral multiples of fifty (50) cents per short ton. More details on strike price intervals are outlined in Rule 13B01.E.

The three successive futures calendar spreads and one longer dated crop calendar spread (as defined by the nearest July-Dec Soybean Meal futures spread).

\$40 per short ton, expandable to \$60 and then to \$90 when the market closes at limit bid or limit offer. There shall be no price limits on the last trading day.

The last Friday preceding the first notice day of the corresponding nearby Soybean Meal futures contract month by at least two business days.

Exercise is European-style. The buyer of a futures calendar spread option may exercise the option only upon expiration by giving notice to the CME Clearing by 6:00 p.m. CT. Option exercise results in an underlying futures market position. Options in-the-money on the last day of trading is automatically exercised.

CME Globex (electronic platform): 6:00 p.m. – 7:15 a.m. and 9:30 a.m. – 1:15 p.m., beginning Sunday at 6:00 p.m. and ending Friday at 1:15 p.m.

Open Outcry (CBOT trading floor): 9:30 a.m. – 1:15 p.m.,
Monday – Friday

Soybean Oil

One long Soybean Oil futures contract (of a specified month) consisting of 60,000 pounds, and one short Soybean Oil futures contract (of a differing specified month) consisting of 60,000 pounds.

5/1000 of one cent (\$.00005) per pound (\$3.00 per contract)

The price basis shall be defined as the specified nearby Soybean Oil futures contract month price minus the specified deferred Soybean Oil futures contract month price.

Trading shall be conducted for put and call options with striking prices in integral multiples of five one-hundredths of one cent (\$.0005). More details on strike price intervals are outlined in Rule 12B01.E.

The three successive futures calendar spreads and one longer dated crop calendar spread (as defined by the nearest July-Dec Soybean Oil futures spread).

2.5 cents per pound, expandable to 3.5 cents per pound and then to 5.5 cents per pound when the market closes at limit bid or limit offer. There shall be no price limits on the last trading day.

The last Friday preceding the first notice day of the corresponding nearby Soybean Oil futures contract month by at least two business days.

Exercise is European-style. The buyer of a futures calendar spread option may exercise the option only upon expiration by giving notice to the CME Clearing by 6:00 p.m. CT. Option exercise results in an underlying futures market position. Options in-the-money on the last day of trading is automatically exercised.

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Monday – Friday

TRADE ENTRY

To enter a trade for a CSO, enter the first three letters of the appropriate code (CZC in the case of a consecutive Corn CSO on CME Globex) followed by the front month code. For example, to enter a September 2009-December 2009 corn spread the entry will look like:

CZCU9, followed by whether it is a put or a call.

Similarly, the longer dated spreads will reference the front month. For example, to enter a December 2009-July 2010 Wheat CSO on CME Globex the entry will look like:

WC6Z9, followed by whether it is a put or a call.

Contract Symbols		
Product	CME Globex Code	PIT / PRS / Clearing Code
Consecutive Corn CSO*	CZC	PYC
JULY-DEC Corn CSO**	CZ6	CC6
DEC-JULY Corn CSO	CZ8	8CC
DEC-DEC Corn CSO	12C	CCZ
Consecutive Wheat CSO*	CZW	WZC
DEC-JULY Wheat CSO**	WC6	CW6
JULY-DEC Wheat CSO	WCM	CWM
JULY-JULY Wheat CSO	12W	CWN
Consecutive Soybean CSO*	CZS	ZSC
JULY-NOV Soybean CSO**	SZ5	SC5
JAN-MAY Soybean CSO	SZK	KSC
MAR-JULY Soybean CSO	S2H	KSH
NOV-JULY Soybean CSO	SZ9	SX9
NOV-NOV Soybean CSO	12S	SCX
Consecutive Soybean Meal CSO*	CZM	MYC
JULY-DEC Soybean Meal CSO**	MC6	SM6
Consecutive Soybean Oil CSO*	CZL	COY
JULY-DEC Soybean Oil CSO**	OC6	CO6

*Formerly named "Nearby"

**Formerly named "Old Crop / New Crop"

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Futures trading is not suitable for all investors, and involves the risk of loss. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles. And only a portion of those funds should be devoted to any one trade because they cannot expect to profit on every trade.

All references to options refer to options on futures.

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All matters pertaining to rules and specifications herein are made subject to and are superseded by official CME, CBOT and NYMEX rules. Current rules should be consulted in all cases concerning contract specifications.