

EQUITY PRODUCTS

End-of-Month (EOM) and Weekly Options on S&P 500 and E-mini S&P 500 Futures

Frequently Asked Questions

End-of-month (EOM) options and weekly options provide European-style alternatives that complement our existing American-style options on E-mini and standard S&P 500 futures. These options offer greater access, flexibility and precision for trading the U.S. large-cap market using the leading benchmark. Below are answers to common questions on how these contracts work.

1. What are end-of-month (EOM) and weekly options on S&P 500 and E-mini S&P 500 futures?

As a complement to American-style quarterly and serial month options on S&P 500 and E-mini S&P 500 futures, **end-of-month (EOM) options** (launched May 2006) and **weekly options** (launched August 2009) are European-style contracts that offer expanded date flexibility for trading the benchmark S&P 500 Index.

EOM options are designed to expire on the last business day of each calendar month, offering alignment with month-end accounting cycles. Weekly options are designed to expire on the first and second Friday of the first two weeks of the month. Both options types come in the standard-size and E-mini contract variations.

With the addition of the EOM and weekly options, there are four listed option expirations per calendar month: the first, second and third Fridays and the last business day of the month.

2. What makes these contracts unique?

In addition to offering European-style alternatives (which by definition can only be exercised on expiration day), both the EOM and weekly

options prohibit contrarian instructions (the abandonment of in-the-money options, or the exercise of out-of-the-money options). Thus, at expiration, all in-the-money options are automatically exercised, whereas all options not in-the-money are automatically abandoned. Without the possibility of contrarian instruction, both the options buyer and the writer know immediately following the expiration their position in the underlying futures contract. In particular, the writer does not need to wait for assignment notices – thus offering a degree of certainty around exercise.

3. What additional risk-management benefits do these contracts offer?

Like our quarterly and serial options, EOM and weekly options offer customers flexible, secure trading alternatives to over-the-counter (OTC) market instruments. The central counterparty clearing model of CME Clearing provides for substantially mitigated counterparty risk.

Firms with OTC trades tied to month-end dates will be able to hedge those trades using EOM options. Weekly options provide an alternative to OTC trades for capitalizing on market movements related to economic release/events that take place in the first two weeks of the month.

4. What determines whether EOM and weekly options are exercisable?

On their expiration day, EOM and weekly options will be automatically exercised if the options are determined to be “in-the-money” using a special volume-weighted average fixing price calculated by the exchange at 3:00 p.m. Chicago Time (CT). This special fixing price is calculated and disseminated by CME daily under the symbol “ESF.” A link to the history of this price can be found online at the Equities landing page on the CME Group Web site (www.cmegroup.com/equities).

For example, at expiration, if the volume-weighted average price of the underlying futures contract was determined to be 1000.01, an E-mini S&P 500 EOM or weekly call option with a strike price of 1000.00 would be automatically exercised. This means that the seller of the 1000.00 call option would be automatically assigned. As discussed earlier, contrarian instructions are prohibited for these contracts.

5. What are European-style options?

European-style options can be exercised only on the option’s expiration day. This reduces some of the uncertainty for option sellers, as they cannot be assigned prior to expiration (American-style options can be exercised and assigned at any time up to expiration).

6. What is the methodology for determining the expiration day special fixing price?

The special fixing price is the volume-weighted average price in E-mini S&P 500 futures, traded during the 30-second period leading up to 3:00 p.m. CT. Only outright trades of the E-mini S&P 500 futures in the corresponding contract month shall be included in the calculation. Spread trades involving the corresponding contract month of the E-mini S&P 500 futures shall be disregarded for the purpose of the fixing calculation.

This fixing price will be disseminated immediately using the symbol “ESF.”

7. What are the underlying instruments for the EOM and weekly options?

The underlying instrument for the standard-size S&P 500 EOM and weekly options is the nearest-expiring quarterly S&P 500 futures contract as of the expiration of the option. The underlying instrument for the E-mini S&P 500 EOM and weekly options is the nearest-expiring quarterly E-mini S&P 500 futures contract as of the expiration of the option.

Below is a summary of underlying futures that apply for upcoming end-of-month and weekly options contracts:

Month	Expiration Date	Exercisable Into (E-mini or standard accordingly)
September 2009 Weekly options – Week 1	Week 1: Friday, September 4, 2009	September 2009 futures
September 2009 Weekly options – Week 2	Week 2: Friday, September 11, 2009	September 2009 futures
September 2009 EOM options	EOM: Wednesday, September 30, 2009	December 2009 futures
October 2009 Weekly options – Week 1	Week 1: Friday, October 2, 2009	December 2009 futures
October 2009 Weekly options – Week 2	Week 2: Friday, October 9, 2009	December 2009 futures
October 2009 EOM options	EOM: Friday, October 30, 2009	December 2009 futures
November 2009 Weekly options – Week 1	Week 1: Friday, November 6, 2009	December 2009 futures
November 2009 Weekly options – Week 2	Week 2: Friday, November 13, 2009	December 2009 futures
November 2009 EOM options	EOM: Friday, November 30, 2009	December 2009 futures
December 2009 Weekly options – Week 1	Week 1: Friday, December 4, 2009	December 2009 futures
December 2009 Weekly options – Week 2	Week 2: Friday, December 11, 2009	December 2009 futures
December 2009 EOM options	EOM: Friday, December 31, 2009	March 2010 futures
January 2010 Weekly Option – Week 2*	Week 1: Friday, January 8, 2010	March 2010 futures
January 2010 EOM options*	EOM: Friday, January 15, 2010	March 2010 futures

* Because of the exchange holiday on Friday, January 1, 2010, CME will not list a Week 1 weekly option in January 2010.

8. What strike prices will be available?

EOM and weekly options share the same strike listing rules with the quarterly and serial S&P 500 and E-mini S&P 500 options. The strike intervals are as follows:

S&P 500 EOM and Weekly options	E-mini S&P 500 EOM and Weekly options
25-point, 10-point and 5-point intervals depending on expiration date	10-point and 5-point intervals depending on expiration date

For a particular contract month, the actual strikes listed for the EOM and weekly options shall be identical to those listed for the quarterly options sharing the same underlying futures contract – i.e., all options based on the September 2009 futures shall have the same set of strike prices.

9. What are the position limits for end-of-month and weekly options?

The position limits for these options contracts are determined in conjunction with the positions in the underlying futures, and are identical to those for quarterly and serial options on the S&P 500 options and E-mini S&P 500 options – 20,000 futures-equivalent contracts net on the same side of the market in all contract months combined.

10. What months will be traded?

EOM and weekly options will be available for all 12 calendar months. For EOM options, we list six consecutive contract months at a time. For weekly options, we list two weekly options at any given time. When one weekly contract expires, the next weekly contract in sequence will be listed. The underlying contract is the nearest expiring quarterly futures contract.

11. What are the trading hours?

EOM and weekly options on S&P 500 futures are available for trading at these times (all times listed are Chicago Time):

- 8:30 a.m. – 3:15 p.m. (open outcry)
- 3:30 p.m. – 8:15 a.m. (CME Globex platform) Daily shutdown for CME Globex maintenance 4:30 p.m. – 5:00 p.m. On Sundays and holidays, CME Globex trading begins at 5:00 p.m.
- Note that on expiration day, expiring contracts cease trading at 3:00 p.m.

EOM and weekly options on E-mini S&P 500 futures are available for trading at these times (all times listed are Chicago Time):

- Virtually around the clock on the CME Globex platform
- Sunday: 5:00 p.m. to Fridays 3:15 p.m. (Daily shutdown for CME Globex maintenance 4:30 p.m. – 5:00 p.m.)
- Note that on expiration day, expiring options contracts cease trading at 3:00 p.m.

12. What are the back-up procedures in the event there is a problem determining the special price fixing via E-mini S&P 500 futures?

Under normal conditions, EOM and weekly options settlement will be fixed against the 3:00 p.m. CT average weighted volume traded price of the E-mini S&P 500 futures contract.

In the event that the CME Globex system is operating normally but no trades have been recorded during the 30-second fixing period, the 30-second average of the mid-point of the bid-ask spread will be used as the fixing price.

In the event of a disruption to the E-mini S&P 500 futures market, either systems failure or otherwise, within the last two minutes leading up to 3:00 p.m. CT, the fixing price shall be determined by the 30-second average of the S&P 500 futures contract.

If the preceding procedures fail to produce a fixing price, the exchange shall determine a fixing price using any reasonable information and basis at its disposal.

13. Do both the special fixing price and the special Fair Value price for the respective underlying futures contracts apply for EOM and Weekly options?

The special fixing price (ESF) will be used to determine which EOM and weekly options are exercised into the underlying related futures contract. Once they've been exercised into the futures contract, the futures will be marked to market at the close of the futures market at 3:15 p.m. CT. Please note that the futures settlement price and the 3:00 p.m. fixing price may be different, reflecting the change in market in the intervening period. On month-end dates, S&P 500 and E-mini S&P 500 futures will be marked-to-market based on the monthly fair value settlement procedure.

Fair value stock index settlement procedures are applied on a monthly basis. Specifically, domestic stock index futures and option contracts are settled to an adjusted price per CME rule 813.D that reflects their "fair value," i.e., by reference to the closing cash index value plus finance charges less anticipated dividends.

Please note that spot index values utilized to calculate fair values are sampled at 3:15 p.m. CT. As a result, final settlements become available shortly after 3:15 p.m. CT.

For additional information on fair value, please visit www.cmegroup.com/equities and click on the "Month End Fair Value Procedures" link in the right-hand menu.

14. Are spreads available on EOM and weekly options?

Yes. Traditional floor-traded spreads are available for the S&P 500 EOM and weekly options. Additionally, five E-mini S&P 500 options spreads are available on EOM and weekly options, including strangles, straddles, verticals, horizontals and butterflies.

For more information, visit www.cmegroup.com/equities.

CME GROUP HEADQUARTERS

20 South Wacker Drive
Chicago, Illinois 60606
cmegroup.com

info@cmegroup.com
800 331 3332
312 930 1000

CME GROUP REGIONAL OFFICES

New York	212 299 2000	Houston	713 658 9292	Washington D.C.	202 638 3838
London	+44 20 7796 7100	Singapore	+65 6593 5555	Tokyo	+81 3 5403 4828
São Paulo	+55 11 2565 5999				

Futures and options on the S&P 500 Index are listed with, and subject to, the rules and regulations of CME.

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.

CME Group is a trademark of CME Group Inc. The Globe logo, E-mini, CME and Chicago Mercantile Exchange are trademarks of Chicago Mercantile Exchange Inc. Chicago Board of Trade is a trademark of the Board of Trade of the City of Chicago, Inc. NYMEX is a trademark of the New York Mercantile Exchange, Inc. "S&P" and "S&P 500" are trademarks of The McGraw-Hill Companies, Inc. These products are not sponsored, sold or endorsed by S&P, a division of The McGraw-Hill Companies, Inc., and S&P makes no representation regarding the advisability of investing in them.

All other trademarks are property of their respective owners.

The information within this brochure has been compiled by CME Group for general purposes only. CME Group assumes no responsibility for any errors or omissions. Additionally, all examples in this brochure are hypothetical situations, used for explanation purposes only, and should not be considered investment advice or the results of actual market experience. All matters pertaining to rules and specifications herein are made subject to and are superseded by official CME and CME Group rules. Current rules should be consulted in all cases concerning contract specifications.

Copyright © 2010 CME Group. All rights reserved.

EQ231/200/0110