

# Interest Rate Options Update – Q2 2012

Whether you trade on the floor or on the screen, CME Group Interest Rate options give you direct access to an array of products and an ever expanding pool of liquidity — all in a streamlined and regulated marketplace. With the introduction of Weekly Treasury options, the expansion of short dated Eurodollar Mid-Curve options, and long-dated (Green) Eurodollar options, CME Group has significantly broadened the range of Interest Rate option opportunities. This allows investors to manage risk and capitalize on opportunities from 30 days to 30 years.

This CME Group *Interest Rate Options Update* keeps you informed with the latest news, developments and trends, to help you take advantage of every opportunity our marketplace provides.

## Increased Eurodollar Mid-Curve Options Trading

### **Short-Dated Eurodollar Options on Deferred Eurodollar Futures**

- Options on futures up to 4 years out the curve
    - 1-Year “Red” e.g., June 12 option on June 13 Eurodollar futures
    - 2-Year “Green” e.g., June 12 option on June 14 Eurodollar futures
    - 3-Year “Blue” e.g., June 12 option on June 15 Eurodollar futures
    - 4-Year “Gold” e.g., June 12 option on June 16 Eurodollar futures
  - Green and Blue Mid-Curve 2012 YTD ADV exceeded 350,000 with current open interest over 6.25 Million\*
  - High gamma and theta options for trading out the yield curve
- For more details, visit [cmegroup.com/midcurves](http://cmegroup.com/midcurves)

## Eurodollars: Expanded Quarterly Options

### **Long-Dated Options Extended to the Green Futures**

- Expanded from 8 to 12 quarterly options\*
- Longest dated Interest Rate option at CME Group
- High vega options with almost 3 years to expiration
- Traded over \$630 billion notional since mid-October 2011 launch with open interest over 300,000\*

## Weekly Treasury Options

### **Expanding the Range of Standardized, Short-Dated Options**

- Traded over 4.5 million contracts since January 2011 launch
- Complements the standard and the flexible options on U.S. Treasury futures
- Provides users with increased flexibility in managing existing option positions
- Offers unique opportunities to trade high impact economic events such as Treasury Auctions and Unemployment numbers
- Market makers provide liquidity in both regular and extended trading hours
- Record volume of over 77,000 on Non-Farm Payroll Thursday, March 8, 2012
- Record open interest over 120,000 around April 2012 Fed Meeting

For more details, visit [cmegroup.com/wto](http://cmegroup.com/wto)

## Ultra T-Bond Options

### **Expanded Yield Curve Exposure, Deeper Liquidity**

- Traded over 275,000 contracts since launch\* — available in standard, weekly and flexible options
  - Market makers provide liquidity in both regular and extended trading hours
  - An additional tool for managing the long end of the yield curve
- To learn more, view “Treasury Options for Fixed Income Investors,” at [cmegroup.com/ultra](http://cmegroup.com/ultra)

## Electronic Options Continue to Grow

### **Around the Clock Liquidity**

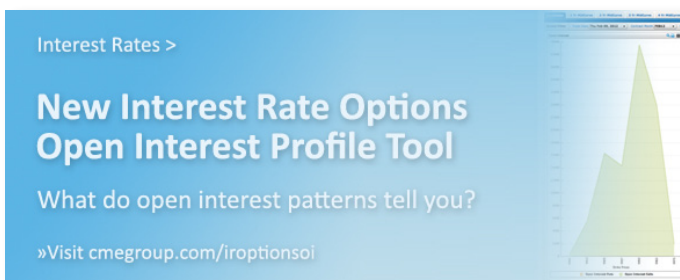
- In Q1 2012, a record 44 percent of all Treasury options were executed electronically on CME Globex
  - Market maker programs are available in Eurodollar, Treasury and Fed Funds Options
- To view historical volume information for all Interest Rate options products, visit [cmegroup.com/iropoptionsvolume](http://cmegroup.com/iropoptionsvolume)

## Execution Alternatives

### **Open Outcry, CME Globex and Ex-Pit**

- Deep liquidity in open outcry and on CME Globex
  - CME Globex Request-For-Cross (RFC) process maximizes options efficiency 5-second wait period between Request for-Quote (RFQ) and RFC
- For more details, visit [cmegroup.com/rfc](http://cmegroup.com/rfc)
- Block trade transactions in both CBOT and CME Interest Rate Products
    - CME Globex equivalent charges for CME Interest Rate futures and options block transactions (Eurodollars)

For more details and to view thresholds, visit [cmegroup.com/blocks](http://cmegroup.com/blocks)



Interest Rates >

## New Interest Rate Options Open Interest Profile Tool

What do open interest patterns tell you?

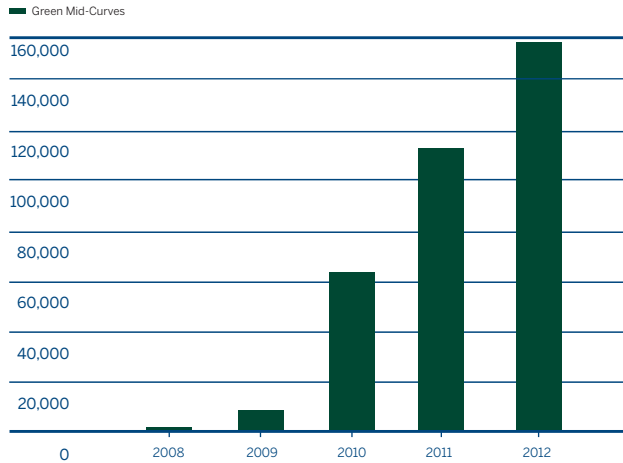
» Visit [cmegroup.com/iropoptionsol](http://cmegroup.com/iropoptionsol)

## Useful Resources

- Monthly Options Volume Report – [cmegroup.com/iroptionsvolume](http://cmegroup.com/iroptionsvolume)
- Option Expiration Calendars
  - Treasury Options – [cmegroup.com/treasuryoptcalendar](http://cmegroup.com/treasuryoptcalendar)
  - Eurodollar Options – [cmegroup.com/edoptcalendar](http://cmegroup.com/edoptcalendar)
- Open Interest Profile Tool – [cmegroup.com/iroptionsoi](http://cmegroup.com/iroptionsoi)
- Block Trade Requirements and Vendor Codes – [cmegroup.com/irvendorcodes](http://cmegroup.com/irvendorcodes)
- Options LinkedIn Group — keep up with relevant options news and discussions – [linkd.in/ztKFMA](http://linkd.in/ztKFMA)

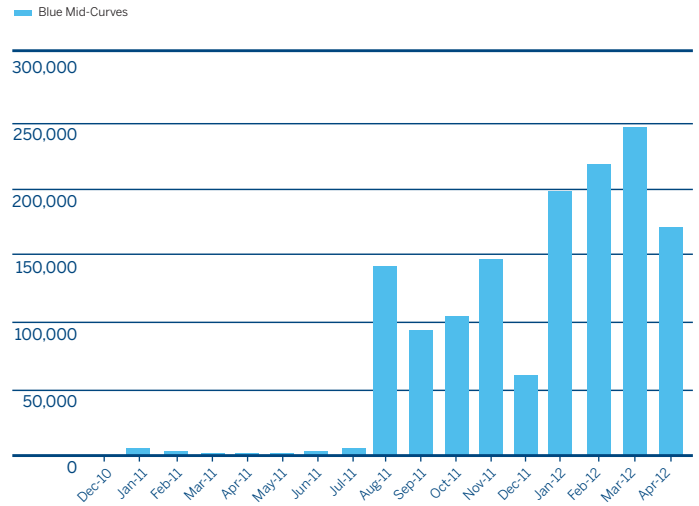
### 2-Year "Green" Mid-Curve Annual ADV

Ex. March 2012 Option on March 2014 Underlying Eurodollar Futures



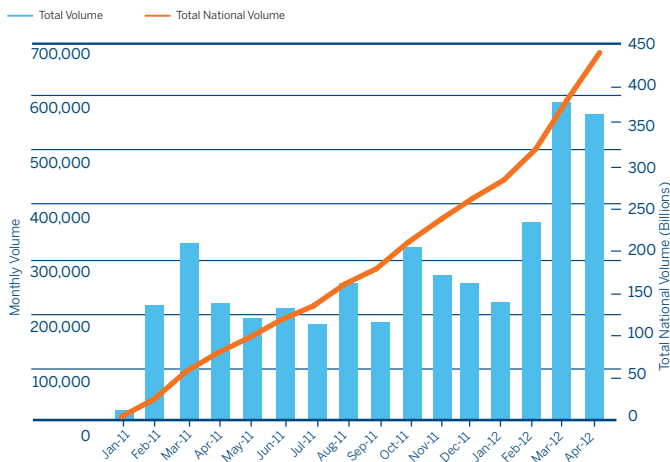
### 3-Year "Blue" Mid-Curve Monthly ADV

Ex. March 2012 Option on March 2015 Underlying Eurodollar Futures



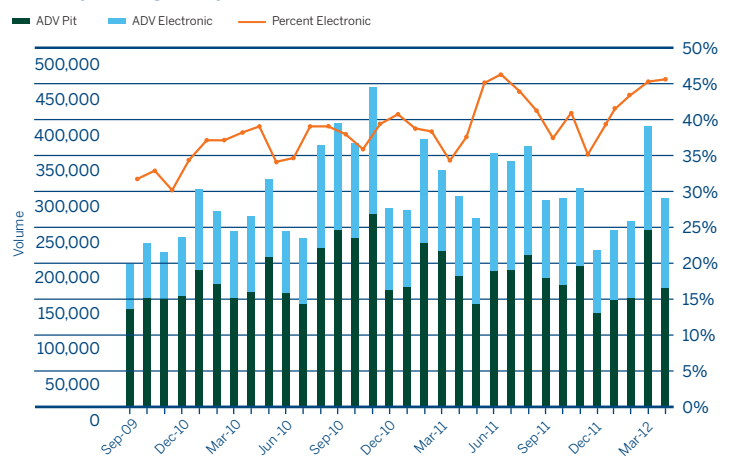
### Weekly Treasury Options

Monthly Volume and Cumulative Notional Value



### U.S. Treasury Options

Monthly Average Daily Volume



**For more information on Interest Rate options and electronic market making programs, contact us directly:**

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