Eurodollar Options: Quarter Tick Eligible Months and 12.5 Basis Point Strikes Listings

On May 13, 2007, CME Group expanded the number of expiration months in which Eurodollar Options are listed in strike increments of 12.5 basis points, as well as the number of months eligible for quarter tick price increments.

12.5 Basis Point Strikes

Eurodollar Options are now listed in 12.5 basis point strikes +/-6 strikes from the at-the-money in the following months:

- Front four quarterly expirations
- Front two serial expirations
- Two quarterly 1-year midcurves ("Shorts")
- Two serial 1-year midcurves ("Shorts")
- All weekly expiring 1-year midcurves ("Shorts")
- Two quarterly 2-year midcurves ("Greens")

Quarter Tick Eligible Months

CME Group now allows quarter tick trading in outrights and spreads in the first two quarterly and first two serial expirations if the premium of the outright or net differential of the spread is between -5 and 5 points. For clarification sake, combinations that include expiry months that are not eligible for quarter tick pricing will themselves NOT be eligible for quarter tick pricing.

Please note, the current rules surrounding quarter tick eligible options expirations will still apply. In other words, the current rules stating that when the underlying future of an option is quarter tick eligible, then the option is eligible for quarter tick pricing regardless of price, will remain intact. This scenario occurs four times a year when the nearest expiring contract is a quarterly expiration. During these instances, as is currently the rule, options combinations that include at least one of these quarter tick eligible legs will also be quarter tick eligible.

Finally, covered trades involving quarter tick eligible options will be allowed only with the prevailing futures price and delta value.

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