

Chapter 253A

Options on Japanese Yen/U.S. Dollar (JPY/USD) Futures

253A00. SCOPE OF CHAPTER

This chapter is limited in application to options on Japanese yen/U.S. dollar futures. In addition to this chapter, options on Japanese yen/U.S. dollar futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

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Options contracts covered by this chapter may also be referred to as:

JPY/USD Monthly Options

JPY/USD Weekly Monday Options

JPY/USD Weekly Wednesday Options

JPY/USD Weekly Friday Options

JPY/USD Monthly Volatility-Quoted Options

JPY/USD Weekly Wednesday Volatility-Quoted Options

JPY/USD Weekly Friday Volatility-Quoted Options

253A01. OPTIONS CHARACTERISTICS

253A01.A. Contract Months, Trading Hours, and Trading Halts

Options contracts shall be listed for such contract months (i.e., expirations) and scheduled for trading during such hours, except as indicated below, as may be determined by the Exchange.

253A01.B Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Japanese yen/U.S. dollar futures contract as specified in Chapter 253.

253A01.C. Price Increments

For options trading on CME Globex and via open outcry and for submission for clearing via CME ClearPort, the price of an option shall be quoted in U.S. dollars per Japanese yen. Each \$0.000001 per Japanese yen (one point) shall represent \$12.50. For example, a quote of .000075 represents an option price of \$937.50 (75 points x \$12.50 per point) of premium. The minimum fluctuation shall be one point (also known as one tick). A trade may also occur at a price of \$.0000005 (\$6.25, also known as one-half tick), \$.0000015 (\$18.75, also known as one and one-half ticks), \$.0000025 (\$31.25, also known as two and one-half ticks), \$.0000035 (\$43.75, also known as three and one-half ticks), and \$.0000045 (\$56.25, also known as four and one-half ticks).

In addition, for options that are quoted in volatility terms, the minimum fluctuation shall be 0.01 percent for the volatility quote. Also, following a volatility trade, when CME Globex converts the volatility-traded options position into a premium-based options position for clearing, the minimum price increment for the premium-based option position shall be \$0.0000001 per Japanese yen (equal to \$1.25).

253A01.D. Underlying Futures Contract

The underlying futures contract is the nearest quarterly futures contract following the options expiration except for options expiring the week prior to a quarterly futures termination. For options expiring the week prior to a quarterly futures termination, the underlying futures contract is the next nearest quarterly futures contract.

253A01.E. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions

from the specified position limits.

253A01.F. Special Price Fluctuation Limits

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

253A01.G. [Reserved]

253A01.H. [Reserved]

253A01.I. [Reserved]

253A01.J. Termination of Trading and Expiration Days for Options

1. Monthly Options in the March Quarterly Cycle ("Quarterly Options")

Trading in monthly options in the March quarterly cycle (i.e., March, June, September and December) shall terminate at 9:00 a.m. Central time on the second Friday immediately preceding the third Wednesday of the contract month. If the foregoing date for termination is a scheduled Exchange holiday, trading in monthly options shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

2. Monthly Options Not in the March Quarterly Cycle ("Serial Options")

Trading in monthly options not in the March quarterly cycle (i.e., January, February, April, May, July, August, October and November) shall terminate at 9:00 a.m. Central time on the second Friday immediately preceding the third Wednesday of the contract month. If the foregoing date for termination is a scheduled Exchange holiday, trading in monthly options shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

3. Weekly Friday Options

Trading in weekly Friday options shall terminate at 9:00 a.m. Central time on those Fridays that are not also the termination of trading of a monthly option as described in the preceding sections 1 and 2. If the foregoing date for termination is a scheduled Exchange holiday, trading in weekly Friday options shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

4. Weekly Wednesday Options

Trading in weekly Wednesday options shall terminate at 9:00 a.m. Central time on Wednesdays. If the foregoing date for termination is a scheduled Exchange holiday, trading in weekly Wednesday options shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

5. Weekly Monday Options Trading in weekly Monday options shall terminate at 9:00 a.m. Central time on Mondays. If the foregoing date for termination is a scheduled Exchange holiday, such weekly Monday option shall not be listed for trading. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

253A01.K. Exercise Prices and Listing of Exercise Prices

1. Front Monthly Options in the March Quarterly Cycle ("Quarterly Option") or Front Option Not in the March Quarterly Cycle ("Serial" Option)

At the commencement of trading in a contract month, the Exchange shall list put and call options at the \$0.000025 regular exercise price that is nearest the previous day's settlement price of the underlying futures contract. For options on Japanese yen/U.S. dollar futures, the Exchange shall list put and call options at the next eight higher and next eight lower regular exercise prices. The Exchange shall also list an additional ten higher and ten lower put and call options at the \$0.000050 regular exercise price.

When a sale, bid, offer, or settlement price in the underlying futures occurs within half a regular exercise price interval of the eighth highest or eighth lowest existing regular exercise prices for options on Japanese yen/U.S. dollar futures, put and call options at the next higher or next lower \$0.000025 and \$0.000050 regular exercise price shall be listed for trading on the next Trading Day. New options may be listed for trading up to and including the termination of trading.

The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

2. Non-Front Quarterly and Serial Options

At the commencement of trading in a contract month, the Exchange shall list put and call options at the \$0.00005 regular exercise price that is nearest the previous day's settlement price of the underlying futures contract. For options on Japanese yen/U.S. dollar futures, the Exchange shall list put and call options at the next ten higher and next ten lower regular exercise prices. The Exchange shall also list an additional ten higher and ten lower put and call options at the \$0.000100 regular exercise price.

When a sale, bid, offer, or settlement price in the underlying futures occurs within half a regular \$0.000050 exercise price interval of the tenth highest or tenth lowest existing regular exercise prices for options on Japanese yen/U.S. dollar futures, put and call options at the next higher or next lower \$0.000050 and \$0.000100 regular exercise price shall be listed for trading on the next Trading Day. New options may be listed for trading up to and including the termination of trading.

The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

3. Weekly Options

At the commencement of trading in a contract month, the Exchange shall list put and call options at the \$0.000025 regular exercise price that is nearest the previous day's settlement price of the underlying futures contract. For options on Japanese yen/U.S. dollar futures, the Exchange shall list put and call options at the next eight higher and next eight lower regular exercise prices. The Exchange shall also list an additional ten higher and ten lower put and call options at the \$0.000050 regular exercise price.

When a sale, bid, offer, or settlement price in the underlying futures occurs within half a regular \$0.000025 exercise price interval of the eighth highest or eighth lowest existing regular exercise prices for options on Japanese yen/U.S. dollar futures, put and call options at the next higher or next lower \$0.000025 and \$0.000050 regular exercise price shall be listed for trading on the next Trading Day. New options may be listed for trading up to and including the termination of trading.

The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

4. Dynamically-Listed Exercise Prices.

Upon demand and at the discretion of the Exchange, new out-of-current-range exercise prices at regularly defined intervals may be added for trading on as soon as possible basis.

253A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Japanese yen/U.S. dollar futures. All options on Japanese yen/U.S. dollar futures are European-style exercise only. Early option exercise prior to the option expiration day is not permitted. Contrary option exercise instructions are also not allowed.

253A02.A.1. [Reserved]

253A02.A.2. [Reserved]

253A02.A.3. Exercise of Options

All in-the-money options are automatically exercised by the Clearing House on the day of expiration for the option. All out-of-the-money options are abandoned by the Clearing House on the day of expiration for the option. To determine whether an option is in or out of the money on this day, the Exchange shall calculate the relevant "CME currency fixing price" from GLOBEX-traded underlying futures contracts as follows:

Tier 1 Take the 60-second average of sale (trade) prices, weighted by volume from 8:59:00 to 8:59:59 a.m. on the day of determination of the CME currency fixing price.

Tier 2 If less than twenty or no sales (trades) occurred during the 60-second interval noted above, take the midpoint of each bid & ask spread where available and average the resulting midpoints over the 60-second interval.

Tier 3 If no sales (trades) and no bid and ask prices occurred during the 60-second interval, then Exchange staff shall derive the CME currency fixing price (as a synthetic futures price) from quote vendor spot rates and appropriate maturity forward points.

An option is in-the-money if the fixing price of the underlying futures contract lies above or is equal to the exercise price in the case of a call, or lies below the exercise price in the case of a put.

253A02.B. Assignment

Exercise notices created by the Clearing House for buyers of options shall be assigned by the Clearing House through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes before the opening of Regular Trading Hours in the underlying futures contract on the following Business Day.

The clearing member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call is exercised or a long position if a put is exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call is exercised and a short position if a put is exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the Trading Day of acceptance by the Clearing House of the exercise notice.

253A03. [RESERVED]

(End Chapter 253A)