Chapter 256A
Options on Mexican Peso/U.S. Dollar (MXN/USD) Futures

256A00. SCOPE OF CHAPTER
This chapter is limited in application to options on Mexican peso/U.S. dollar futures. In addition to this chapter, options on Mexican peso/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.
For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.
Options contracts covered by this chapter may also be referred to as:
MXN/USD Monthly Options
MXN/USD Weekly Friday Options

256A01. OPTIONS CHARACTERISTICS

256A01.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.

256A01.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 Mexican peso/U.S. dollar futures contract as specified in Chapter 256.

256A01.C. Price Increments
The price of an option shall be quoted in U.S. dollars per Mexican peso. Each $.00001 per Mexican peso (one point) shall represent $5.00. For example, a quote of .00088 represents an option price of $440.00 (88 points x $5.00 per point). The minimum fluctuations shall be one point.

256A01.D. Underlying Futures Contract
The underlying futures contract is the nearest futures contract in the March quarterly cycle (i.e., March, June, September and December) whose termination of trading follows the option's last day of trading by more than two Exchange Business Days. This rule applies to March quarterly, serial and weekly options on Mexican peso/U.S. dollar futures contracts.

256A01.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.

256A01.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.

256A01.G. [Reserved]
256A01.H. [Reserved]

256A01.I. 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 11:30 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 11:30 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 11:30 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.

256A01.J. Exercise Prices and Listing of Exercise Prices

1. Front Monthly Option 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 $0.0005 regular exercise price that is nearest the previous day’s settlement price of the underlying futures contract. For options on Mexican peso/U.S. dollar futures, the Exchange shall list put and call options at the next ten higher and next ten lower regular exercise prices.

When a sale, bid, offer, or settlement price in the underlying futures occurs within half a regular $0.0005 exercise price interval of the tenth highest or tenth lowest existing regular exercise price for options on Mexican peso/U.S. dollar futures, put and call options at the next higher or next lower $0.0005 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 $0.0005 regular exercise price that is nearest the previous day’s settlement price of the underlying futures contract. For options on Mexican peso/U.S. dollar futures, the Exchange shall list put and call options at the next twenty higher and next twenty lower regular exercise prices.

When a sale, bid, offer, or settlement price in the underlying futures occurs within half a regular $0.0005 exercise price interval of the twentieth highest or twentieth lowest existing regular exercise price for options on Mexican peso/U.S. dollar futures, put and call options at the next higher or next lower $0.0005 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 $0.0005 regular exercise price that is nearest the previous day’s settlement price of the underlying futures contract. For options on Mexican peso/U.S. dollar futures, the Exchange shall list put and call options at the next ten higher and next ten lower regular exercise prices.

When a sale, bid, offer, or settlement price in the underlying futures occurs within half a regular $0.0005 exercise price interval of the tenth highest or tenth lowest existing regular exercise price for options on Mexican peso/U.S. dollar futures, put and call options at the next higher or next lower $0.0005 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 exercise prices at $0.0001 per Mexican peso intervals may be added for trading on as soon as possible basis.

256A02. 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 Mexican peso/U.S. dollar futures. All options on Mexican peso/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.

256A02.A.1. 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 11:29:00 to 11:29:59 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.

256A02.B. Assignment
Exercise notices accepted by the Clearing House shall be assigned 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.

256A03. [RESERVED]

(End Chapter 256A)