Chapter 453A
Options on One-Month Eurodollar Futures

453A00. SCOPE OF CHAPTER
This chapter is limited in application to options on One-Month Eurodollar futures. In addition to this chapter, options on One-Month Eurodollar 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 herein shall refer to and indicate Chicago time.

453A01. OPTIONS CHARACTERISTICS

453A01.A. Contract Months and Trading Hours
Options shall be listed for such contract months and scheduled for trading during such hours as may be determined by the Exchange.

453A01.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 One-Month Eurodollar futures contract as specified in Chapter 453.

453A01.C. Minimum Fluctuations
The price of any option contract shall be quoted in IMM Index points corresponding to the futures contract into which such option contract is exercisable. Pursuant to Rules 45302.C., each 0.01 IMM Index point signifies one (1) basis point per annum of interest rate exposure in such futures contract’s Trading Unit (Rule 45302.B.), and is equal to $25 per option contract. For example, an option contract price of 0.35 IMM Index points represents $875 (equal to 35 basis points x $25 per basis point per option contract).

The minimum fluctuation shall be 0.0025 Index points, equal to $0.25 per contract.

453A01.D. [Reserved]

453A01.E. Exercise Prices
Exercise prices shall be stated in terms of the IMM Index for the One-Month Eurodollar futures contract that is deliverable upon exercise of the option, and shall be at intervals of .125 Index Points, e.g., 92.125, 92.25, 92.375, 92.50, 92.625, 92.75, etc.

At the commencement of trading in a contract month, the Exchange shall list put and call options at the exercise price that is nearest the previous day's settlement price of the underlying futures contract.

For option contracts with terms to expiry of 12 months or less, the Exchange shall list all eligible exercise prices within a range of 1.50 IMM Index points above and below the exercise price that is nearest the underlying futures contract daily settlement price. Thereafter, the Exchange shall add for trading all eligible exercise prices within a range of 1.50 IMM Index points above and 1.50 IMM Index points below the exercise price nearest the previous day's underlying futures contract settlement price.

For option contracts with terms to expiry that are greater than 12 months and that are less than or equal to 15 months, the Exchange shall list all eligible exercise prices within a range of 1.75 IMM Index points above and below the exercise price that is nearest the underlying futures contract daily settlement price. Thereafter, the Exchange shall add for trading all eligible exercise prices within a range of 1.75 IMM Index points above and 1.75 IMM Index points below the exercise price nearest the previous day's underlying futures contract settlement price.

For option contracts with terms to expiry that are greater than 15 months, the Exchange shall list all eligible exercise prices within a range of 2.25 IMM Index points above and below the exercise price that is nearest the underlying futures contract daily settlement price. Thereafter, the Exchange shall add for trading all eligible exercise prices in a range of 2.25 IMM Index points above and 2.25 IMM Index points below the exercise price nearest the previous day's underlying futures contract settlement price.

Upon demand and at the discretion of the Exchange, a new option contract with an out-of-current-range exercise price may be added, on an as-soon-as-possible basis, provided that the exercise price of such newly added option contract must be an integer multiple of 0.125 Index points (e.g., 92.125, 92.25, 92.375, 92.50, 92.625, 92.75).
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.

453A01.F. 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.

453A01.G. 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.

453A01.H.-I. [Reserved]

453A01.J. Termination of Trading

Trading in an expiring option shall terminate on the same date and at the same time as the underlying futures contract.

453A01.K. [Reserved]

453A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of options.

453A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer on any Business Day that the option is traded. To exercise an option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in-the-money and has not been liquidated or exercised prior to the termination of trading shall be exercised automatically, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer. An option is in the money if the final settlement price of the underlying futures contract lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

453A02.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 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.
453A03. [RESERVED]

(End Chapter 453A)