

## Chapter 461A

### Options on One-Month SOFR Futures

#### 461A00. SCOPE OF CHAPTER

This chapter is limited in application to options on One-Month SOFR futures (“options”). In addition to this chapter, options shall be subject to the general rules and regulations of the Exchange insofar as applicable.

Unless otherwise specified, times referenced herein shall refer to and indicate Chicago time.

#### 461A01. OPTIONS CHARACTERISTICS

##### 461A01.A. Contract Months and Trading Hours

Options shall be listed for expiration on such dates and shall be scheduled for trading during such hours as may be determined by the Exchange.

##### 461A01.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 SOFR futures contract (Chapter 461) (“futures” or “futures contract”).

##### 461A01.C. Minimum Fluctuations

The price of an option shall be quoted in IMM Index points corresponding to such option’s underlying futures contract (Rule 461A01.D.). Pursuant to Rules 46102.C., each 0.01 IMM Index point signifies one (1) basis point per annum of interest rate exposure in such underlying futures contract’s Trading Unit (Rule 46102.B.), and is equal to \$41.67 per option contract. For example, an option contract price of 0.35 IMM Index points represents \$1458.45 (equal to 35 basis points x \$41.67 per basis point per option contract).

The minimum price fluctuation shall be 0.0025 Index points, equal to \$10.4175 per contract. However, a position may be initiated or liquidated in options at a premium equal to any integer multiple of \$1.00 ranging from \$1.00 to \$10.00 per option contract traded via open outcry or CME ClearPort (“Cab1” to “Cab10”), or at a premium of \$5.00 per option contract traded via CME Globex (“Cab5”).

##### 461A01.D. Trading Hours

The hours of trading for options on One-Month SOFR futures contracts shall be determined by the Exchange. Options shall be opened and closed for all months and strike prices simultaneously or in such other manner as determined by the Exchange.

On its last day of trading, an expiring One-Month SOFR futures option shall cease trading at the same time as the close of trading for the corresponding futures contract on that trading day.

##### 461A01.E. Exercise Prices

Trading shall be conducted for put and call options with strike prices in multiples of six and one-quarter basis points (0.0625) per One-Month SOFR futures contract and in multiples of twelve and one-half basis points (0.1250) per One-Month SOFR futures contract as follows:

1. At the commencement of trading for such option contracts, the following strike prices in multiples of six and one-quarter basis points shall be listed: one with a strike price closest to the previous day’s settlement price on the underlying One-Month SOFR futures contract and the next ten (10) consecutive higher and the next ten (10) consecutive lower strike prices closest to the previous day’s settlement price. If a previous day’s settlement price is midway between two strike prices, the closest price shall be the larger of the two. Over time, new striking prices will be added to ensure that at least ten 6-1/4 basis point striking prices always exist above and below the previous day’s settlement price in the underlying futures.
2. At the commencement of trading for such option contracts, the following strike prices in multiples of twelve and one-half basis points shall be listed: the next five (5) consecutive higher and the next five (5) consecutive lower strike prices above and below the strike price band as stipulated in Rule 461A01.E.1. Over time, new striking prices will be added to ensure that at least five 12-½ basis point striking prices always exist above and below the strike price band as stipulated in Rule 461A01.E.1.

3. When a new strike price is added for an option contract month, the same strike price will be added to all option contract months for which that strike price is not already listed. All new strike prices will be added prior to the opening of trading on the following business day. The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

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

#### **461A01.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.

#### **461A01.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.

#### **461A01.H.-I. [Reserved]**

#### **461A01.J. Termination of Trading**

Standard Options Trading in expiring Standard options shall terminate on the same date and at the same time as the termination of trading in the corresponding futures (Rule 46102.G.).

#### **461A01.K. [Reserved]**

### **461A02. EXERCISE AND ASSIGNMENT**

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

#### **461A02.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 5:30 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 in such option shall be exercised automatically, in the absence of contrary instructions delivered to the Clearing House no later than 5:30 p.m. on the last day of trading by the clearing member representing the option buyer. An option is in the money if the settlement price of the underlying futures contract at the termination of trading 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 5:30 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.

#### **461A02.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.

**461A03. [RESERVED]**

(End Chapter 461A)