

**Amendments to Rules for  
Options on Standard and Poor's 500 Stock Price Index™ Futures and  
Options on E-mini® Standard and Poor's 500 Stock Price Index Futures**

Effective Sunday, 21 February 2016, for trade date Monday, 22 February 2016, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME" or "Exchange") will amend terms and conditions of Options on Standard and Poor's 500 Stock Price Index™ Futures and Options on E-mini® Standard and Poor's 500 Stock Price Index Futures (respectively, "SP options" exercisable into "SP futures," and "ES options" exercisable into "ES futures", and collectively "options").

CME Rulebook Chapters 351A and 358A, respectively, codify terms and conditions of SP options and ES options. Amendments to these Chapters shall be as follows (where, in each instance, the "X" prefix in the Rule number denotes the corresponding CME Rulebook chapter number, 351A or 358A) --

Rules X00. for Scope of Chapter

Added are definitions of Primary Listing Exchange (new Rules X00.A.) and Regulatory Halt (new Rules X00.B.) to clarify declaration of Rules X01.A. for Contract Months, Trading Hours, and Trading Halts.

Rules X01.A. for Contract Months, Trading Hours, and Trading Halts

Current language defines the concept of "primary futures contract" as "the futures contract trading in the lead month configuration in the pit." Amendments replace this with the concept of "Primary Futures Contract Month," remove obsolete references to "Globex Control Center," and establish that "the Exchange shall determine, in its sole discretion, the futures delivery month that represents such Primary Futures Contract Month," so as to bring Rules X01.A. into conformity with Rule 35101.I. for SP futures and Rule 35801.I. for ES futures.

Rules X01.D. for Underlying Futures Contract

Pursuant to current Rules X01.D.2., the Exchange lists options with American style exercise for expiration on the third Fridays of specified months not in the March Quarterly cycle (i.e., January, February, April, May, July, August, October, or November) ("Serial options"). Any Serial option is exercisable into one (1) corresponding underlying futures contract for delivery in the March Quarterly month (i.e., March, June, September, or December) next following such Serial option's expiration.

Pursuant to amended Rules, the Exchange (i) shall cease listing such Serial options and (ii) shall supplant them with listings of new European style Third Weekly options, which shall be scheduled to expire on the third Fridays of specified months not in the March Quarterly cycle, and for which terms and conditions shall be codified via amendments to Rules X01.D.4.

Rules X01.E. for Exercise Prices

Under current Rules X01.E.5., for European style Weekly options exercisable into a given underlying SP futures contract or ES futures contract for a given delivery month, the procedures for determining and maintaining exercise price arrays differ from procedures applicable to other categories of options exercisable into such underlying futures contract.

Pursuant to amended Rules, determination and maintenance of exercise price arrays for all categories of options exercisable into any such underlying futures contract shall be subject to one

set of procedures. Additional amendments clarify the definition of options with Dynamically-Listed Exercise Prices, and bring such definition into conformity with similar language elsewhere in the CME Rulebook.

Rules X01.I. for Termination of Trading

Amendments reorganize Rules X01.I. to mirror amendments to Rules X01.D.

Rules X02.A. for Exercise

Amendments reorganize Rules X02.A. to mirror amendments to Rules X01.D.

Additional nonmaterial amendments comprise:

Reorganization and clarification of Rules X01.A. for Contract Months, Trading Hours, and Trading Halts, Rules X01.B. for Trading Unit, Rules X01.C. for Minimum Fluctuations, and Rules X02.B. for Assignment.

Restoration of texts of Rules X01.G. for Nature of Options and Rules X04. for Corrections to Option Exercises.

***Pending all CFTC regulatory review periods, all such amendments shall take effect -- excluding certain amendments to the respective Rules X01.D., X01.G., X01.I., and X02.A., which shall take partial effect – on Sunday, 21 February 2016, for trade date Monday, 22 February 2016.***

Appendix A presents amendments to CME Rulebook Chapter 351A in blackline format. Appendix B displays the text of Chapter 351A as amended.

Similarly, Appendixes C and D set forth CME Rulebook Chapter 358A, respectively, in blackline format and as amended.

***Following expiration of options scheduled to expire on Friday, 20 May 2016, the Exchange will delete language from CME Rulebook Chapters 351A and 358A regarding option contracts listed prior to 21 February 2016.***

The following two sections discuss the transition from American style monthly Serial options to European style Third Weekly options and changes in daily determination of option exercise price arrays.

### **Discussion -- European Style Third Weekly Options**

Amendments to Chapters 351A and 358A, summarized above, will result in the introduction of two new option products: European style Third Weekly (EV3) options on SP futures, and European style Third Weekly (EW3) options on ES futures, for which terms and conditions are summarized in Exhibit 1.

**Exhibit 1**  
**Contract Specifications for European Style Third Weekly Options on Standard and Poor's 500 Stock Price Index™ Futures (“Week 3 SP Options”) and European Style Third Weekly Options on E-mini® Standard and Poor's 500 Stock Price Index Futures (“Week 3 ES Options”)**

(Times of day referenced herein indicate Chicago time.)

	<i>Week 3 SP Options</i>	<i>Week 3 ES Options</i>
<i>Underlying Futures Contract</i>	One (1) SP futures contract for delivery in the March Quarterly month next following option expiration	One (1) ES futures contract for delivery in the March Quarterly month next following option expiration
<i>Product Code</i>	EV3	EW3
<i>Listing Schedule</i>	Nearest three consecutive months not in March Quarterly Cycle	
<i>Strike Price Arrays</i>	The Exchange shall ensure that, on any given Business Day, options exercisable into a given Underlying Futures Contract shall be listed for trading at all exercise price levels at which corresponding Quarterly options exercisable into such Underlying Futures Contract are concurrently listed for trading.	
<i>Contract Size</i>	\$250 x S&P 500 Index	\$50 x S&P 500 Index
<i>Price Basis</i>	Prices are made in terms of S&P 500 Index points.	
<i>Minimum Price Increment</i>	<p><i>Outright:</i> 0.10 pts = \$25/contract, if 5 pts &lt; premium 0.05 pts = \$12.50/contract, if premium ≤ 5 pts</p> <p><i>Cabinet:</i> 0.05 pts = \$12.50/contract</p>	<p><i>Outright:</i> 0.25 pts = \$12.50/contract, if 5 pts &lt; premium 0.05 pts = \$2.50/contract, if premium ≤ 5 pts</p> <p><i>Cabinet:</i> 0.05 pts = \$2.50/contract</p>
<i>Termination of Trading</i>	3pm on 3 <sup>rd</sup> Friday of option expiration month	
<i>Exercise Procedure</i>	European style: Options are exercisable only at expiration. An option in the money as of 3pm on last day of trading shall be automatically exercised, and an option out of the money as of 3pm on last day of trading shall be automatically abandoned, with no contrary instruction.	
<i>Position Limits and Reportable Levels</i>	<p><i>Reportable Level:</i> 100 contracts</p> <p><i>All-Month Position Limit:</i> 28,000 net futures contract equivalents</p>	<p><i>Reportable Level:</i> 100 contracts</p> <p><i>All-Month Position Limit:</i> 28,000 net futures contract equivalents (with aggregation ratio of five (5) EW3 per one (1) SP)</p>
<i>Minimum Block Trade Size</i>	250 contracts	n/a
<i>CME Globex Matching Algorithm</i>	<p>F -- First In, First Out (FIFO)</p> <p><i>Globex Non-Reviewable Range (NRR):</i> The greater of (a) option delta x 6 S&amp;P 500 Index points or (b) 20% of option premium, subject to minimum NRR of one (1) Underlying Futures contract minimum price increment, and subject to maximum of 1.5 S&amp;P 500 index points.</p>	
<i>Trading Venue and Hours</i>	<p><i>Open Outcry:</i> 8:30am to 3:15pm, Mon-Fri</p> <p><i>CME Globex:</i> 5pm to 4pm, Sun-Fri, with trading halt 8:15am to 3:30pm, Mon-Fri</p> <p><i>CME ClearPort:</i> 5pm to 4pm, Sun-Fri</p>	<p>n/a</p> <p><i>CME Globex:</i> 5pm to 4pm, Sun-Fri, with trading halt 3:15pm to 3:30pm, Mon-Fri</p> <p><i>CME ClearPort:</i> 5pm to 4pm, Sun-Fri</p>
	Futures contracts described herein shall trade on and according to the rules of Chicago Mercantile Exchange, pending certification of contract terms and conditions with the US Commodity Futures Trading Commission and completion of all regulatory review periods.	

Pursuant to current Rules for options on SP futures and options on ES futures, the Exchange lists at any given time:

American style "Quarterly" options for expiration on the third Friday of each of up to eight (8) nearest March Quarterly months (March, June, September, or December). Each Quarterly option is exercisable into the corresponding underlying futures contract for delivery in the same month as the option expiration month.

American style "Serial" options for expiration on the third Friday of each of the three (3) nearest non-March Quarterly months (January, February, April, May, July, August, October, or November). Each Serial option is exercisable into the corresponding underlying futures contract for delivery in the March Quarterly month next following the Serial option expiry month.

European style "Weekly" options for expiration on each of four nearest Fridays, with the proviso that no such option shall be scheduled to expire on the third Friday of any month. The listing schedule thus ensures that no European style Weekly option shall expire on the same day as an American style Quarterly option or an American style Serial option.

***Pursuant to the Rule amendments described herein, the last Serial options on SP futures and the last Serial options on ES futures to be listed for trading will be those scheduled for expiration on Friday, 20 May 2016.***

During a transition period from close of business on Friday, 19 February 2016, through Friday, 20 May 2016 (the respective scheduled expiration dates for February 2016 Serial options and May 2016 Serial options) the Exchange shall introduce European style Third Weekly (EV3 and EW3) options for expiry on the third Fridays of months not in the March Quarterly cycle. Each expiring EV3 option shall be exercisable into one SP futures contract, and each expiring EW3 option shall be exercisable into one ES futures contract. In each instance, the futures contract into which such European style Third Weekly option is exercisable will be for delivery in the March Quarterly month next following option expiration.

As of conclusion of the transition period, the Exchange shall ensure that at any given time such new European style Third Weekly options are listed for trading for expiry on the third Friday of each of the nearest three months not in the March Quarterly Cycle.

Exhibit 2 summarizes the intended changes in option listings.

Exhibit 3 exemplifies with the planned transition schedule for listings of options on ES futures. (The transition schedule for listings of options SP futures is essentially identical.)

Exhibit 4 summarizes the Clearing and CME Globex fees that will apply to EV3 options and EW3 options.

**Exhibit 2 -- Summary of changes to listings of options on CME SP futures and options on CME ES futures**

**Options on SP Futures**

Option Name – Product Code	Listings Until 20 Feb 2016	Listings After 21 May 2016
American on Globex – SP	1 nearest Quarterly month 3 nearest Serial months	1 nearest Quarterly month
American in Open Outcry – CS = Calls PS = Puts SP = Clearing, ClearPort	8 nearest Quarterly month 3 nearest Serial months	8 nearest Quarterly month
European Weekly -- EV1 = Week 1 EV2 = Week 2 <b>EV3 = Week 3</b> EV4 = Week 4	EV1, EV2, EV4 – 4 nearest weeks	EV1, EV2, EV4 – 4 nearest weeks  <b>EV3 – 3 nearest months</b>
European End of Month – EV	6 nearest months	6 nearest months

**Options on ES Futures**

Option Name – Product Code	Listings Until 20 Feb 2016	Listings After 21 May 2016
American – ES	4 nearest Quarterly months 3 nearest Serial months	4 nearest Quarterly months
European Weekly -- EW1 = Week 1 EW2 = Week 2 <b>EW3 = Week 3</b> EW4 = Week 4	EW1, EW2, EW4 – 4 nearest weeks	EW1, EW2, EW4 – 4 nearest weeks  <b>EW3 – 3 nearest months</b>
European End of Month – EW	6 nearest months	6 nearest months

**Exhibit 3**  
**Transition schedule for listings of options on CME ES futures, by option expiry date**

- Listings of Quarterly and End-of-Month options are unaffected by Rule amendments described herein.
- Listings of “Weekly New” options are made pursuant to Rule amendments described herein.
- Listings of “Weekly Old” options and Serial options (gray background) are subject to current Rules.

New Third Weekly options (such as Jul16 Week 3 (EW3N6) for expiry on 15 July 2016, or Aug16 Week 3 (EW3Q8) for expiry on 19 August 2016) supplant the outgoing Serial options (such as May16 (ESK6)).

Option Expiry Date	Quarterly	End-of-Month	Weekly New	Weekly Old	Serial
5-Feb-16				EW1G6	ESG6
12-Feb-16				EW2G6	
19-Feb-16					
26-Feb-16			EW4G6		
4-Mar-16			EW1H6		
11-Mar-16			EW2H6		
18-Mar-16	ESH6				
24-Mar-16			EW4H6		
1-Apr-16			EW1J6		
8-Apr-16			EW2J6		
15-Apr-16					ESJ6
22-Apr-16			EW4J6		
29-Apr-16		EWJ6			
6-May-16			EW1K6		
13-May-16			EW2K6		ESK6
20-May-16					
27-May-16			EW4K6		
3-Jun-16			EW1M6		
10-Jun-16			EW2M6		
17-Jun-16	ESM6				
24-Jun-16			EW4M6		
1-Jul-16			EW1N6		
8-Jul-16			EW2N6		
15-Jul-16			<b>EW3N6</b>		
22-Jul-16			EW4N6		
29-Jul-16		EWN6			
5-Aug-16			EW1Q6		
12-Aug-16			EW2Q6		
19-Aug-16			<b>EW3Q6</b>		
26-Aug-16			EW4Q6		
2-Sep-16			EW1U6		
9-Sep-16			EW2U6		
16-Sep-16	ESU6				
23-Sep-16			EW4U6		
30-Sep-16		EWU6			

**Exhibit 4  
Clearing and CME Globex Fees**

**European Style Third Weekly (EV3) Options on Standard and Poor's 500 Stock Price Index™ Futures**

Fees per side per contract (\$)	Clearing	CME Globex	EFP/Block Surcharge
Individual Equity Members / Clearing Members / Rule 106.J Equity Member Firms / Rule 106.I Members/Rule 106.S Member Approved Funds	0.22	0.50	1.75
Rule 106.D Lessees / Rule 106.F Employees	0.45	0.50	1.75
Rule 106.R Electronic Corporate Member (Reduced rates for Globex Transactions Only)	0.80	0.20	1.75
Rule 106.H and 106.N Firms	0.60	0.40	1.75
International Incentive Program (IIP) Participants			
International Volume Incentive Program (IVIP) Participants (Reduced rates for Globex Transactions Only)	0.80	0.20	1.75
Central Bank Incentive Program (CBIP) Participants			
Emerging Markets Bank Incentive Program (EMBIP) Participants			
Latin American Fund Manager Incentive Program (FMIP) Participants	0.80	0.70	1.75
Latin American Proprietary Trading Incentive Program (LAPTIP) Participants (Reduced rates for Globex Transactions Only)			
Latin American Commercial Incentive Program (LACIP) Participants (Reduced rates for Globex Transactions for Agricultural & FX Products Only)	0.81	1.50	1.75
CTA/Hedge Fund Incentive Program Participants (Reduced rates for Globex Transactions for FX Products Only)	0.81	1.50	1.75
CBOE Members (Reduced Clearing Fee rates for S&P Products Only)	0.71	1.50	1.75
Members Trading Outside of Division (Reduced Globex Fee rates during ETH only)	0.81	0.50	1.75
Customers of Member Firms (Non-Members)	0.81	1.50	1.75

**European Style Third Weekly (EW3) Options on E-mini® Standard and Poor's 500 Stock Price Index Futures**

Fees per side per contract (\$)	Clearing	CME Globex	EFP/Block Surcharge
Individual Equity Members / Clearing Members / Rule 106.J Equity Member Firms / Rule 106.I Members/Rule 106.S Member Approved Funds	0.09	0.26	1.75
Rule 106.D Lessees / Rule 106.F Employees	0.21	0.26	1.75
Rule 106.R Electronic Corporate Member (Reduced rates for Globex Transactions Only)	0.39	0.06	1.75
Rule 106.H and 106.N Firms	0.39	0.06	1.75
International Incentive Program (IIP) Participants			
International Volume Incentive Program (IVIP) Participants (Reduced rates for Globex Transactions Only)	0.39	0.06	1.75
Central Bank Incentive Program (CBIP) Participants			
Emerging Markets Bank Incentive Program (EMBIP) Participants			
Latin American Fund Manager Incentive Program (FMIP) Participants	0.39	0.06	1.75
Latin American Proprietary Trading Incentive Program (LAPTIP) Participants (Reduced rates for Globex Transactions Only)			
Latin American Commercial Incentive Program (LACIP) Participants (Reduced rates for Globex Transactions for Agricultural & FX Products Only)	0.39	0.16	1.75
CTA/Hedge Fund Incentive Program Participants (Reduced rates for Globex Transactions for FX Products Only)	0.39	0.16	1.75
CBOE Members (Reduced Clearing Fee rates for S&P Products Only)	0.34	0.16	1.75
Members Trading Outside of Division (Reduced Globex Fee rates during ETH only)	0.39	0.26	1.75
Customers of Member Firms (Non-Members)	0.39	0.16	1.75

For more information about Exchange fees please visit:  
[http://www.cmegroup.com/company/files/CME\\_Fee\\_Schedule.pdf](http://www.cmegroup.com/company/files/CME_Fee_Schedule.pdf).

## Discussion -- Option Exercise Price Arrays

Pursuant to current Rules, the Exchange determines exercise price arrays for Quarterly SP (or ES) options on the basis of a “referencing price” made on the day first preceding the day of expiration for expiring SP (or ES) futures in every March, June, September, and December. Such referencing price is set equal to that day’s settlement price for expiring SP (or ES) futures. Thereafter, until a new referencing price is established three months hence:

The Exchange ensures that on any given business day Quarterly options shall be listed for trading at all eligible exercise price levels within prescribed ranges -- defined in terms of the latest referencing price value – surrounding the preceding business day’s settlement price for the corresponding underlying futures contract:

For any given business day, the Exchange ensures that Serial options and European style End-of-Month options exercisable into a given underlying futures contract are listed for trading at all exercise price levels at which Quarterly options exercisable into such underlying futures contract are concurrently listed for trading.

For European style Weekly options, by contrast, the Exchange currently ensures that on any given business day such options exercisable into a given underlying futures contract are listed for trading at all exercise price levels that are integer multiples of five (5) S&P 500 Index points, within a range from 100 exercise price levels below to 100 strike exercise levels above the previous business day’s settlement price for such underlying futures contract.

***Pursuant to Rule amendments described herein -- and pending all relevant CFTC regulatory review periods -- effective Sunday, 21 February 2016, for trade date of Monday, 22 February 2016, the Exchange shall ensure that on any given trading day all options, including European style Weekly options, that are exercisable into a given underlying futures contract shall be listed for trading at the same array of exercise prices as the concurrent listings of Quarterly options exercisable into the same underlying futures contract.***

### Please refer questions to:

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## Appendix A

# Amendments to Chapter 351A Options on Standard and Poor's 500 Stock Price Index™ Futures

(Additions are underlined. Deletions are [ ~~bracketed and struck through~~ ]. There are no amendments to Rules 351A30.-38. for Flexible Options, nor to Interpretations & Special Notices Relating to Chapter 351A.)

### **351A00. SCOPE OF CHAPTER**

~~[ This chapter is limited in application to options on Standard and Poor's 500 Stock Price Index ("S&P 500 Index") futures. In addition to this chapter, options on S&P 500 Index 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. ]~~

This chapter is limited in application to options on Standard and Poor's 500 Stock Price Index™ futures ("S&P 500 Index futures" or "futures"). In addition to this chapter, options on futures shall be subject to the general rules and regulations of the Exchange as applicable.

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

#### **351A00.A. Primary Listing Exchange**

For the purposes of this chapter a Primary Listing Exchange shall be as defined in the "Plan to Address Extraordinary Market Volatility Submitted to the Securities and Exchange Commission Pursuant to Rule 608 of Regulation NMS Under the Securities Exchange Act of 1934" approved 31 May 2012 by the U.S. Securities and Exchange Commission ("SEC"), as amended from time to time (SEC, SRO Rulemaking, National Market System Plans, File 4-631).

#### **351A00.B. Regulatory Halt**

For the purposes of this chapter a Regulatory Halt shall be as defined in the "Plan to Address Extraordinary Market Volatility Submitted to the Securities and Exchange Commission Pursuant to Rule 608 of Regulation NMS Under the Securities Exchange Act of 1934" approved 31 May 2012 by the SEC, as amended from time to time (SEC, SRO Rulemaking, National Market System Plans, File 4-631) and as implemented under New York Stock Exchange Rule 80B for Trading Halts Due to Extraordinary Volatility or under Nasdaq Stock Market Rule 4121 for Trading Halts Due to Extraordinary Volatility.

### **351A01. OPTIONS CHARACTERISTICS**

#### **351A01.A. Contract Months, Trading Hours, and Trading Halts**

~~[ Options contracts shall be listed for such contract months and scheduled for trading during such hours, except as indicated below, as may be determined by the Exchange.~~

~~There shall be no trading in any option contract when the S&P 500 Stock Price Index primary futures contract is limit bid or offered at any price limit except at the total daily price limit on an option's last day of trading.~~

~~There shall be no trading in any option contract during a period when trading in the primary futures contract is terminated pursuant to Rule 35102.I.~~

~~For purposes of this rule, the primary futures contract shall be defined as the futures contract trading in the lead month configuration in the pit.~~

~~For purposes of this rule, the Exchange shall have the responsibility of determining whether the primary futures contract is trading at its limit during Regular Trading Hours (RTH). During Electronic Trading Hours (ETH), the determination shall be made by the Globex Control Center. ]~~

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, provided that there shall be no trading in options:

- (1) when trading is halted in the Primary Futures Contract Month for S&P 500 Index futures pursuant to Rule 35102.I., nor
- (2) when such Primary Futures Contract Month is limit bid or limit offered at any price limit pursuant to Rule 35102.I., except at the price limit associated with a Level 3 (20%) Market Decline in the Standard and Poor's 500 Stock Price Index ("S&P 500 Index" or "Index") pursuant to a Regulatory Halt (Rule 351A00.B.) on such option's last day of trading.

In accordance with Rule 35102.I. the Exchange shall determine, in its sole discretion, the futures delivery month that represents such Primary Futures Contract Month and when such Primary Futures Contract Month is limit bid or limit offered.

### **351A01.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 S&P 500 Index] futures contract as specified in Chapter 351. ]~~

The trading unit shall be an option to buy in the case of a call, or to sell in the case of a put, one S&P 500 Index futures contract (Chapter 351).

### **351A01.C. Minimum Fluctuations**

~~[ The price of an option shall be quoted in index points. Each .01 index point shall represent \$2.5. The minimum fluctuation shall be .10 index points (\$25.00, also known as one tick). Trades may also occur at a price of .05 index points (\$12.50, also known as one-half tick), whether or not such trades result in the liquidation of positions for both parties to the trade. A trade with a price equal to or less than 5.00 index points may also occur at a price in multiples of .05 index points, e.g., .15 index points (\$37.50, also known as one and one-half ticks), and 1.95 index points (\$487.50 also known as nineteen and one-half ticks).~~

~~Each leg of a combination trade of options contracts shall be traded at a price conforming to the minimum fluctuation. Notwithstanding, options in a combination trade can be traded at an increment of .05 index points regardless of the premium level if the net premium of the options combination is at or below 5.00 index points.~~

~~For the purpose of this rule, an option box spread is defined to be a spread of four (4) options: buy call at strike 1, sell put at strike 1, sell call at strike 2 and buy put at strike 2, all with the same Expiration Date. For an option box spread trade the minimum fluctuation shall be 0.05 (\$12.50, also known as one-half tick) index points. ]~~

Option prices shall be quoted in Index points. Each Index point shall represent \$250.00 per option contract.

Subject to Rules 351A01.C.1. and 351A01.C.2., the minimum price fluctuation shall be 0.10 Index points (equal to \$25.00 per option contract), provided that trades at price levels equal to or less than 5.00 Index points may occur at price levels that are integer multiples of 0.05 Index points (equal to \$12.50 per option contract), and provided that trade may occur at a price level of 0.05 Index points irrespective of whether such trade results in the liquidation of positions for both parties to such trade.

#### **1. Option Spreads and Combinations**

Any option contract that trades as a component of a spread or combination shall be traded at a price that conforms to the applicable minimum price fluctuation as set forth in this Rule 351A01.C., provided that for any option spread or combination that trades at a net premium of 5.00 Index points or less, each option contract comprised within such spread or combination may trade in price increments of 0.05 Index points.

#### **2. Option Box Spreads**

For any option box spread the minimum fluctuation in net premium shall be 0.05 Index points. For the purpose of this Rule, an option box spread shall be defined to comprise four (4) option contracts representing two (2) distinct Exercise Price levels (Rule 351A01.E.), such that (i) one call option is bought, and one put option is sold, at one such Exercise Price level, and (ii) one call option is sold, and one put option is bought, at the second such Exercise Price level, and (iii) all four option contracts expire on the same expiration date (Rule 351A01.I.).

S-7547  
13 January 2016

**351A01.D. Underlying Futures Contract**

**(FOR OPTION CONTRACTS LISTED PRIOR TO 21 FEBRUARY 2016)**

**1. Options in the March Quarterly Cycle**

For options that expire in the March quarterly cycle (i.e., March, June, September, and December), the underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in March is the March futures contract.

**2. Options Not in the March Quarterly Cycle**

For options that expire in months other than those in the March quarterly cycle (i.e., January, February, April, May, July, August, October, and November), the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for options that expire in January or February is the March futures contract.

**3. Options in the European Style “End-of-Month” Option Series**

For options in the European Style “End-of-Month” options series, the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for options in the January or February European Style “End-of-Month” option series is the March futures contract, while the underlying futures contract for options in the March European Style “End-of-Month” option series is the June futures contract.

**4. Options in the European Style Weekly Option Series**

For options in the European Style weekly options series, the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for the first (1st), second (2nd) and fourth (4th) April and May European Style weekly options shall be the June futures contract; the underlying futures contract for the first (1st) and second (2nd) June European Style weekly options shall be the June futures contract; the underlying futures contract for the fourth (4th) June European Style weekly options shall be the September futures contract.

**351A01.D. Underlying Futures Contract**

**(FOR OPTION CONTRACTS LISTED ON OR AFTER 21 FEBRUARY 2016)**

**1. American Style Options in the March Quarterly Cycle (“Quarterly options”)**

For any American style option for which the expiration month is in the March quarterly cycle (i.e., March, June, September, or December), the Underlying Futures Contract shall be for delivery in such option’s expiration month.

Example: For a given year, futures for delivery in March shall be the Underlying Futures Contract for a March Quarterly option.

**2. European Style Weekly Options**

For any European style Weekly option, the Underlying Futures Contract shall be for delivery on the third Friday of the March quarterly cycle month next following such option’s expiration, subject to Rule 35103.A.

Examples: For a given year, futures for delivery in June shall be the Underlying Futures Contract for third (3rd) March, fourth (4th) March, first (1st) April, second (2nd) April, third (3rd) April, fourth (4th) April, first (1st) May, second (2nd) May, third (3rd) May, fourth (4th) May, first (1st) June, and second (2nd) June European style Weekly options. Futures for delivery in September shall be the Underlying Futures Contract for third (3rd) June and fourth (4th) June European style Weekly options.

The Exchange shall not list a European style 4<sup>th</sup> Weekly option for trading in any instance where such option’s expiration would occur on the last Business Day of a month.

**3. European Style End-of-Month Options**

For any European style End-of-Month option, the Underlying Futures Contract shall be for delivery on the third Friday of the March quarterly cycle month next following such option’s expiration, subject to Rule 35103.A.

Examples: For a given year, futures for delivery in March shall be the Underlying Futures Contract for a January European style End-of-Month option and for a February European style End-of-Month option. Futures for delivery in June shall be the Underlying Futures Contract for a March European style End-of-Month option.

## 351A01.E. Exercise Prices

### [ ~~1. Options in the March Quarterly Cycle~~

~~The exercise prices shall be stated in terms of the S&P 500 Index futures contract.~~

~~A referencing index shall be determined each quarter on the day prior to the expiration of the March Quarterly futures contract and shall equal the daily settlement price of the nearest expiring S&P 500 Index futures contract. The chosen referencing index will then be used to determine the strike listing range for all listed contract months. The index points are rounded down to the nearest integer.~~

~~At the commencement of trading for each contract month, the Exchange shall list all exercise prices in a range of 50 percent of the referencing index above and below the previous day's settlement price of the underlying futures contract that are integers divisible by 25 without remainder, e.g. 1200, 1225, 1250, etc.~~

~~Exercise prices that are integers divisible by 10 without remainder shall be added, if they have not already been listed, within a range of 20 percent of the referencing index above and below the previous day's settlement price of the underlying futures contract.~~

~~When a contract month becomes the second nearest contract month in the March quarterly cycle, the Exchange shall add exercise prices at an interval that is an integer divisible by 5 without remainder in a range of 10 percent of the referencing index above and below the previous day's settlement price of the underlying futures contract.~~

~~Thereafter, when a settlement price in the underlying futures contract occurs at, or passes through, any exercise price, the Exchange shall add on the next Trading Day, all eligible exercise prices in the corresponding ranges. New options may be listed for trading up to and including the termination of trading.~~

### ~~2. Options Not in the March Quarterly Cycle~~

~~Exercise prices for options not in the March quarterly cycle listed for trading shall be identical to the exercise prices that are listed for the March quarterly options on the same underlying futures contract. For example, the exercise prices listed for the January contract shall be identical to those listed for the March contract.~~

### ~~3. Options in the European Style "End-of-Month" Options Series~~

~~Exercise prices for options in the European Style "End-of-Month" Options Series listed for trading shall be identical to the exercise prices that are listed for the March quarterly options on the same underlying futures contract. For example, the exercise prices listed for the January European Style "End-of-Month" option series shall be identical to those listed for the March Quarterly options series.~~

~~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.~~

### ~~5. Options in the European Style Weekly Options Series~~

~~At the commencement of trading, the Exchange shall list all exercise prices within 100 strikes above and below the previous day's settlement price of the March quarterly options on the same underlying futures contract that are integers divisible by 5 without remainder, e.g. 1200, 1205, 1210, etc.~~

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

In each month in the March quarterly cycle (Rule 351A01.D.1.) the Exchange shall determine an Exercise Price Reference on the last day of trading in futures for delivery in such month (Rule 35102.G.). Such Exercise Price Reference shall be set equal to the daily settlement price of such futures, rounded *down* to the nearest Index point.

The Exchange shall use such Exercise Price Reference to determine listing ranges for option exercise prices on all Business Days following its determination, until and including the next Business Day on which the Exchange determines a successor Exercise Price Reference in accordance with this Rule.

### 1. Quarterly Options

On any Business Day, the Exchange shall ensure that Quarterly put and call options are listed for trading at all eligible exercise prices, as follows:

25 Point Exercise Prices

For Quarterly options exercisable into a given Underlying Futures Contract (Rule 351A01.D.1.), the Exchange shall ensure that such put and call options are listed for trading at all exercise price levels that are integer multiples of 25 Index points (e.g., 1300, 1325, 1350) and that lie within a range from 50 percent of the Exercise Price Reference below, to 50 percent of the Exercise Price Reference above, the preceding Business Day's daily settlement price for such Underlying Futures Contract.

10 Point Exercise Prices

For Quarterly options exercisable into a given Underlying Futures Contract (Rule 351A01.D.1.), the Exchange also shall ensure that such put and call options are listed for trading at all exercise price levels that are integer multiples of 10 Index points (e.g., 1300, 1310, 1320) and that lie within a range from 20 percent of the Exercise Price Reference below, to 20 percent of the Exercise Price Reference above, the preceding Business Day's daily settlement price for such Underlying Futures Contract.

5 Point Exercise Prices

As of the day on which an Underlying Futures Contract for a given delivery month becomes the futures contract that is second-nearest to delivery in the March quarterly cycle (Rule 351A01.D.1.), the Exchange also shall ensure that Quarterly put and call options exercisable into such Underlying Futures Contract are listed for trading at all exercise price levels that are integer multiples of 5 Index points (e.g. 1300, 1305, 1310) and that lie within a range from 10 percent of the Exercise Price Reference below, to 10 percent of the Exercise Price Reference above, the preceding Business Day's daily settlement price for such Underlying Futures Contract.

New options may be listed for trading on any Business Day up to and including the termination of trading in such options.

**2. All Options Excluding Quarterly Options**

On any given Business Day, options that are not Quarterly options (Rules 351A01.D.), and that are exercisable into a given Underlying Futures Contract, shall be listed for trading at all exercise price levels at which Quarterly options exercisable into such Underlying Futures Contract are concurrently listed for trading (Rule 351A01.E.1.).

**3. Dynamically-Listed Exercise Prices**

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 option shall be an integer multiple of the appropriate exercise price interval (i.e., 25 Index points, 10 Index points, or 5 Index points) as prescribed in this Rule.

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

**351A01.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.

**351A01.G. [Reserved]**

**(FOR OPTION CONTRACTS LISTED PRIOR TO 21 FEBRUARY 2016)**

**351A01.G. Nature of Options**

**(FOR OPTION CONTRACTS LISTED ON OR AFTER 21 FEBRUARY 2016)**

Upon exercise of a put option by the buyer of such option, the seller of such option shall incur the obligation to assume a long position in one Underlying Futures Contract (Rule 351A01.D.) at such option's exercise price (Rule 351A01.E.). Upon exercise of a call option by the buyer of such option, the seller of such option shall incur the obligation to assume a short position in one Underlying Futures Contract at such option's exercise price.

**1. Quarterly Options**

The buyer of a Quarterly option (Rule 351A01.D.1.) may exercise such option at any time prior to its expiration.

**2. European Style Weekly Options and European Style End-of-Month Options**

The buyer of a European style Weekly option (Rule 351A01.D.2.) or a European style End-of-Month option (Rule 351A01.D.3.) may exercise such option only at its expiration.

**351A01.H. [Reserved]**

**351A01.I. Termination of Trading**

**(FOR OPTION CONTRACTS LISTED PRIOR TO 21 FEBRUARY 2016)**

**1. Options in the March Quarterly Cycle**

For options that expire in the March quarterly cycle, options trading shall terminate at the same date and time as the underlying futures contract.

**2. Options Not in the March Quarterly Cycle**

For options that expire in months other than those in the March quarterly cycle, options trading shall terminate on the third Friday of the contract month. If that day is not a scheduled Exchange Business Day, options trading shall terminate on the first 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. Options in the European Style "End-Of-Month" Options Series**

For options in the European Style "End-of-Month" Options Series, trading shall terminate at 3:00p.m. Chicago Time on the last Business Day of the contract month. In the event that the underlying futures market does not open on the scheduled options expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

**4. Options in the European Style Weekly Options Series**

For options in the European Style Weekly Options Series, trading shall terminate at 3:00p.m. Chicago Time on the Friday of the named week of the contract month.

For the first (1st) European Style weekly option of the month, if the first Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the Friday falls in the preceding calendar month, the first weekly option shall not be listed for trading.

For the second (2nd) European Style weekly option of the month, if the second Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday.

For the fourth (4th) European Style weekly option of the month, if the fourth Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday.

However, if the fourth (4th) week is scheduled to expire on the last Business Day of the month, the contract shall not be listed for trading, since the European Style End-Of-Month will be scheduled to expire on the same day.

In the event that the underlying futures market does not open on the scheduled options expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

**351A01.I. Termination of Trading**

**(FOR OPTION CONTRACTS LISTED ON OR AFTER 21 FEBRUARY 2016)**

### **1. Quarterly Options**

Trading in any Quarterly option shall terminate on the same date and at the same time as the termination of trading in such option's Underlying Futures Contract (Rule 351A01.D.1.).

### **2. European Style Weekly Options**

Trading in any European style Weekly option shall terminate at 3:00 p.m., or at noon in the case of an early scheduled close of the Primary Listing Exchange (Rule 351A00.A.), on the Friday designated by the Exchange as such option's expiration date. For a given calendar month:

Trading shall terminate in European style First Weekly options, and such options shall expire, on the first Friday of such month.

Trading shall terminate in European style Second Weekly options, and such options shall expire, on the second Friday of such month.

Trading shall terminate in European style Third Weekly options, and such options shall expire, on the third Friday of such month.

Trading shall terminate in European style Fourth Weekly options, and such options shall expire, on the fourth Friday of such month.

If such Friday is not a scheduled Business Day, then trading in expiring options shall be scheduled to terminate on the Business Day first preceding such Friday, provided that the Exchange shall not list European style Weekly options for trading in any such instance where the Business Day first preceding such Friday would be the last Business Day of the preceding calendar month.

The Exchange shall not list European style Fourth Weekly options for any month wherein the fourth Friday is the last Business Day of such month.

If the market in the Underlying Futures Contract for such option does not open on the day scheduled for termination of option trading and for option expiration, then trading in such option shall terminate, and such option shall expire, on the next day on which the market in such Underlying Futures Contract is open for trading.

### **3. European Style End-Of-Month Options**

Trading in any European style End-of-Month option shall terminate at 3:00 p.m., or at noon in the case of an early scheduled close of the Primary Listing Exchange (Rule 351A00.A.), on the last Business Day of such option's expiration month.

If the market in the Underlying Futures Contract for such option does not open on the day scheduled for termination of option trading, then trading in such option shall terminate, and such option shall expire, on the next day on which the market in such Underlying Futures Contract is open for trading.

**351A01.J. [Reserved]**

### **351A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of [ S&P-500 Index ] options.

**351A02.A. Exercise [ ~~of Option by Buyer~~ ]**

#### **(FOR OPTION CONTRACTS LISTED PRIOR TO 21 FEBRUARY 2016)**

#### **[ ~~351A02.A.1~~ Options Not in the European Style "End-of-Month" Series and European Style Weekly Series**

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

An option in the March quarterly cycle that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of the expiration by the clearing member representing the option buyer, be exercised automatically.

In-the-money options that expire in months other than those in the March quarterly cycle and have not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of the expiration by the clearing member representing the option buyer, be exercised automatically.

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.

**[ 351A02.A. ]2 Options in the European Style "End-of-Month" Series and the European Style Weekly Options Series**

Following the termination of trading of an option, all in-the-money options shall be automatically exercised by the Clearing House. All out-of-the-money options shall be abandoned by the Clearing House on the day of expiration for the option. Whether an option is in or out of the money shall be determined based on the fixing price of the CME E-mini S&P 500 Index futures on the day of expiration, determined pursuant to Rule 358.A02.A.2.

An option is deemed in the money if the fixing price of the underlying futures contract lies strictly above the exercise price in the case of a call, or lies strictly below the exercise price in the case of a put. For example, if the fixing price were 1250.01 or higher, then 1250 Calls shall be exercised. If the fixing price were 1250.00 or lower, then 1250 Calls shall be abandoned. Similarly, if the fixing price were 1249.99 or lower, then 1250 Puts shall be exercised. If the fixing price were 1250.00 or higher, then 1250 Puts shall be abandoned.

Options in the European Style "End-of-Month" options series and European Style Weekly options series may not be exercised prior to the expiration of the options. At the expiration, in-the-money options may not be abandoned and out-of-the-money options may not be exercised.

**351A02.A. Exercise**

**(FOR OPTION CONTRACTS LISTED ON OR AFTER 21 FEBRUARY 2016)**

**1. Quarterly Options**

Any Quarterly option (Rule 351A01.D.1.) may be exercised by the buyer on any Business Day on which such option may be traded. To exercise such option, the clearing member representing the option buyer shall present an exercise notice to the Clearing House by 7:00 p.m., or by such other time as the Exchange may designate, on the day of exercise.

Any unexercised option shall expire at 7:00 p.m. on the last day of trading in such option (Rule 351A01.I.). Any option that is in the money, and that has not been liquidated or exercised prior to its termination of trading, shall be exercised automatically upon expiration, in the absence of contrary instructions. Such contrary instructions must be delivered to the Clearing House, by the clearing member representing the buyer of such option, no later than 7:00 p.m., or such other time as may be designated by the Exchange, on the last day of trading in such option.

A call option shall be in the money if the settlement price of such option's Underlying Futures Contract (Rule 351A01.D.) on the last day of trading in such option (Rule 351A01.I.) is strictly above such option's exercise price, and shall be out of the money if such settlement price is at or below such option's exercise price.

A put option shall be in the money if the settlement price of such option's Underlying Futures Contract on the last day of trading in such option is strictly below such option's exercise price, and shall be out of the money if such settlement price is at or above such option's exercise price.

**2. European Style Weekly Options and European Style End-of-Month Options**

Any European style Weekly option (Rule 351A01.D.2.) or European style End-of-Month option (Rule 351A01.D.3.) may be exercised only at, and not before, the expiration of such option.

Following the termination of trading in expiring options, any such option that is in the money shall be automatically exercised by the Clearing House, and any such option that is out of the money shall be abandoned by the Clearing House. For the avoidance of doubt, no such option that expires in the money may be abandoned, and no such option that expires out of the money may be exercised.



Whether an option expires in the money or out of the money shall be determined by the Exchange by reference to the Fixing Price of the CME E-mini Standard and Poor's 500 Stock Price Index ("E-mini S&P 500") futures contract (Chapter 358) for the same delivery month as such option's Underlying Futures Contract (Rule 351A01.D.). Such Fixing Price shall be determined by the Exchange in accordance with Rule 358A02.A.2. on the last day of trading in such option (Rule 351A01.I.).

If, at the time such Fixing Price is scheduled to be calculated, the Primary Listing Exchange (Rule 351A00.A.) is subject to a Regulatory Halt (Rule 351A00.B.), and the Primary Futures Contract Month is limit offered at the maximum price limit permissible during such Regulatory Halt pursuant to Rule 35102.I., then (a) such option shall expire at 8:31 a.m. on the next following Business Day on which a Regulatory Halt is not in effect, and (b) the Fixing Price for such option shall be calculated in accordance with the corresponding provisions of Rule 358A02.A.2.

An expiring call option shall be in the money if the corresponding Fixing Price is strictly above such option's exercise price, and shall be out of the money if the corresponding Fixing Price is at or below such option's exercise price.

An expiring put option shall be in the money if the corresponding Fixing Price is strictly below such option's exercise price, and shall be out of the money if the corresponding Fixing Price is at or above such option's exercise price.

### **351A02.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 prior to the opening of trading 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 was exercised or a long position if a put was exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call was exercised and a short position if a put was 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. ]~~

For a given option contract, an exercise notice accepted by the Clearing House in accordance with Rules 351A02.A. shall be assigned by the Clearing House through a process of random selection to clearing members carrying open short positions in such option contract. A clearing member to whom such exercise notice has been assigned shall be notified thereof as soon as practicable following such assignment.

The clearing member to whom such exercise notice has been assigned shall be assigned a short position in such option's Underlying Futures Contract (Rules 351A01.D.) if such option is a call, or a long position in such option's Underlying Futures Contract if such option is a put. The clearing member representing the option buyer making exercise shall be assigned a long position in such option's Underlying Futures Contract if such option is a call, or a short position in such option's Underlying Futures Contract if such option is a put.

All such futures positions shall be assigned at a price equal to the exercise price of such option contract, and shall be marked to market (in accordance with Rule 814) on the Business Day on which the Clearing House accepts such exercise notice.

### **351A03. [RESERVED]**

**[ 351A04.-29. [RESERVED] ]**

### **351A04. CORRECTIONS TO OPTION EXERCISES**

Corrections to option exercises may be accepted by the Clearing House after 7:00 p.m. and up to the beginning of final option expiration processing (in accord with Rules 351A02.A.), *provided that* such corrections are necessary due to: (1) a bona fide clerical error, (2) 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 7:00 p.m. The decision as to 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.

### **351A05.-29. [RESERVED]**

## Appendix B

# Amended Chapter 351A Options on Standard and Poor's 500 Stock Price Index™ Futures

### **351A00. SCOPE OF CHAPTER**

This chapter is limited in application to options on Standard and Poor's 500 Stock Price Index™ futures ("S&P 500 Index futures" or "futures"). In addition to this chapter, options on futures shall be subject to the general rules and regulations of the Exchange as applicable.

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

#### **351A00.A. Primary Listing Exchange**

For the purposes of this chapter a Primary Listing Exchange shall be as defined in the "Plan to Address Extraordinary Market Volatility Submitted to the Securities and Exchange Commission Pursuant to Rule 608 of Regulation NMS Under the Securities Exchange Act of 1934" approved 31 May 2012 by the U.S. Securities and Exchange Commission ("SEC"), as amended from time to time (SEC, SRO Rulemaking, National Market System Plans, File 4-631).

#### **351A00.B. Regulatory Halt**

For the purposes of this chapter a Regulatory Halt shall be as defined in the "Plan to Address Extraordinary Market Volatility Submitted to the Securities and Exchange Commission Pursuant to Rule 608 of Regulation NMS Under the Securities Exchange Act of 1934" approved 31 May 2012 by the SEC, as amended from time to time (SEC, SRO Rulemaking, National Market System Plans, File 4-631) and as implemented under New York Stock Exchange Rule 80B for Trading Halts Due to Extraordinary Volatility or under Nasdaq Stock Market Rule 4121 for Trading Halts Due to Extraordinary Volatility.

### **351A01. OPTIONS CHARACTERISTICS**

#### **351A01.A. Contract Months, Trading Hours, and Trading Halts**

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, *provided that* there shall be no trading in options:

- (1) when trading is halted in the Primary Futures Contract Month for S&P 500 Index futures pursuant to Rule 35102.I., nor
- (2) when such Primary Futures Contract Month is limit bid or limit offered at any price limit pursuant to Rule 35102.I., except at the price limit associated with a Level 3 (20%) Market Decline in the Standard and Poor's 500 Stock Price Index ("S&P 500 Index" or "Index") pursuant to a Regulatory Halt (Rule 351A00.B.) on such option's last day of trading.

In accordance with Rule 35102.I. the Exchange shall determine, in its sole discretion, the futures delivery month that represents such Primary Futures Contract Month and when such Primary Futures Contract Month is limit bid or limit offered.

#### **351A01.B. Trading Unit**

The trading unit shall be an option to buy in the case of a call, or to sell in the case of a put, one S&P 500 Index futures contract (Chapter 351).

#### **351A01.C. Minimum Fluctuations**

Option prices shall be quoted in Index points. Each Index point shall represent \$250.00 per option contract.

Subject to Rules 351A01.C.1. and 351A01.C.2., the minimum price fluctuation shall be 0.10 Index points (equal to \$25.00 per option contract), *provided that* trades at price levels equal to or less than 5.00 Index points may occur at price levels that are integer multiples of 0.05 Index points (equal to \$12.50 per option contract), and *provided that* trade may occur at a price level of 0.05 Index points irrespective of whether such trade results in the liquidation of positions for both parties to such trade.

### **1. Option Spreads and Combinations**

Any option contract that trades as a component of a spread or combination shall be traded at a price that conforms to the applicable minimum price fluctuation as set forth in this Rule 351A01.C., *provided that* for any option spread or combination that trades at a net premium of 5.00 Index points or less, each option contract comprised within such spread or combination may trade in price increments of 0.05 Index points.

### **2. Option Box Spreads**

For any option box spread the minimum fluctuation in net premium shall be 0.05 Index points. For the purpose of this Rule, an option box spread shall be defined to comprise four (4) option contracts representing two (2) distinct Exercise Price levels (Rule 351A01.E.), such that (i) one call option is bought, and one put option is sold, at one such Exercise Price level, and (ii) one call option is sold, and one put option is bought, at the second such Exercise Price level, and (iii) all four option contracts expire on the same expiration date (Rule 351A01.I.).

## **351A01.D. Underlying Futures Contract**

### **(FOR OPTION CONTRACTS LISTED PRIOR TO 21 FEBRUARY 2016)**

#### **1. Options in the March Quarterly Cycle**

For options that expire in the March quarterly cycle (i.e., March, June, September, and December), the underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in March is the March futures contract.

#### **2. Options Not in the March Quarterly Cycle**

For options that expire in months other than those in the March quarterly cycle (i.e., January, February, April, May, July, August, October, and November), the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for options that expire in January or February is the March futures contract.

#### **3. Options in the European Style “End-of-Month” Option Series**

For options in the European Style “End-of-Month” options series, the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for options in the January or February European Style “End-of-Month” option series is the March futures contract, while the underlying futures contract for options in the March European Style “End-of-Month” option series is the June futures contract.

#### **4. Options in the European Style Weekly Option Series**

For options in the European Style weekly options series, the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for the first (1st), second (2nd) and fourth (4th) April and May European Style weekly options shall be the June futures contract; the underlying futures contract for the first (1st) and second (2nd) June European Style weekly options shall be the June futures contract; the underlying futures contract for the fourth (4th) June European Style weekly options shall be the September futures contract.

## **351A01.D. Underlying Futures Contract**

### **(FOR OPTION CONTRACTS LISTED ON OR AFTER 21 FEBRUARY 2016)**

#### **1. American Style Options in the March Quarterly Cycle (“Quarterly options”)**

For any American style option for which the expiration month is in the March quarterly cycle (i.e., March, June, September, or December), the Underlying Futures Contract shall be for delivery in such option’s expiration month.

Example: For a given year, futures for delivery in March shall be the Underlying Futures Contract for a March Quarterly option.

#### **2. European Style Weekly Options**

For any European style Weekly option, the Underlying Futures Contract shall be for delivery on the third Friday of the March quarterly cycle month next following such option’s expiration, subject to Rule 35103.A.

Examples: For a given year, futures for delivery in June shall be the Underlying Futures Contract for third (3rd) March, fourth (4th) March, first (1st) April, second (2nd) April, third (3rd) April, fourth (4th) April, first (1st) May, second (2nd) May, third (3rd) May, fourth (4th) May, first (1st) June, and second (2nd) June

European style Weekly options. Futures for delivery in September shall be the Underlying Futures Contract for third (3rd) June and fourth (4th) June European style Weekly options.

The Exchange shall not list a European style 4<sup>th</sup> Weekly option for trading in any instance where such option's expiration would occur on the last Business Day of a month.

### **3. European Style End-of-Month Options**

For any European style End-of-Month option, the Underlying Futures Contract shall be for delivery on the third Friday of the March quarterly cycle month next following such option's expiration, subject to Rule 35103.A.

Examples: For a given year, futures for delivery in March shall be the Underlying Futures Contract for a January European style End-of-Month option and for a February European style End-of-Month option. Futures for delivery in June shall be the Underlying Futures Contract for a March European style End-of-Month option.

#### **351A01.E. Exercise Prices**

In each month in the March quarterly cycle (Rule 351A01.D.1.) the Exchange shall determine an Exercise Price Reference on the last day of trading in futures for delivery in such month (Rule 35102.G.). Such Exercise Price Reference shall be set equal to the daily settlement price of such futures, rounded *down* to the nearest Index point.

The Exchange shall use such Exercise Price Reference to determine listing ranges for option exercise prices on all Business Days following its determination, until and including the next Business Day on which the Exchange determines a successor Exercise Price Reference in accordance with this Rule.

#### **1. Quarterly Options**

On any Business Day, the Exchange shall ensure that Quarterly put and call options are listed for trading at all eligible exercise prices, as follows:

##### 25 Point Exercise Prices

For Quarterly options exercisable into a given Underlying Futures Contract (Rule 351A01.D.1.), the Exchange shall ensure that such put and call options are listed for trading at all exercise price levels that are integer multiples of 25 Index points (e.g., 1300, 1325, 1350) and that lie within a range from 50 percent of the Exercise Price Reference below, to 50 percent of the Exercise Price Reference above, the preceding Business Day's daily settlement price for such Underlying Futures Contract.

##### 10 Point Exercise Prices

For Quarterly options exercisable into a given Underlying Futures Contract (Rule 351A01.D.1.), the Exchange also shall ensure that such put and call options are listed for trading at all exercise price levels that are integer multiples of 10 Index points (e.g., 1300, 1310, 1320) and that lie within a range from 20 percent of the Exercise Price Reference below, to 20 percent of the Exercise Price Reference above, the preceding Business Day's daily settlement price for such Underlying Futures Contract.

##### 5 Point Exercise Prices

As of the day on which an Underlying Futures Contract for a given delivery month becomes the futures contract that is second-nearest to delivery in the March quarterly cycle (Rule 351A01.D.1.), the Exchange also shall ensure that Quarterly put and call options exercisable into such Underlying Futures Contract are listed for trading at all exercise price levels that are integer multiples of 5 Index points (e.g. 1300, 1305, 1310) and that lie within a range from 10 percent of the Exercise Price Reference below, to 10 percent of the Exercise Price Reference above, the preceding Business Day's daily settlement price for such Underlying Futures Contract.

New options may be listed for trading on any Business Day up to and including the termination of trading in such options.

#### **2. All Options Excluding Quarterly Options**

On any given Business Day, options that are not Quarterly options (Rules 351A01.D.), and that are exercisable into a given Underlying Futures Contract, shall be listed for trading at all exercise price levels at which Quarterly options exercisable into such Underlying Futures Contract are concurrently listed for trading (Rule 351A01.E.1.).

#### **3. Dynamically-Listed Exercise Prices**

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 option shall be an

integer multiple of the appropriate exercise price interval (i.e., 25 Index points, 10 Index points, or 5 Index points) as prescribed in this Rule.

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

**351A01.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.

**351A01.G. [Reserved]**

**(FOR OPTION CONTRACTS LISTED PRIOR TO 21 FEBRUARY 2016)**

**351A01.G. Nature of Options**

**(FOR OPTION CONTRACTS LISTED ON OR AFTER 21 FEBRUARY 2016)**

Upon exercise of a put option by the buyer of such option, the seller of such option shall incur the obligation to assume a long position in one Underlying Futures Contract (Rule 351A01.D.) at such option's exercise price (Rule 351A01.E.). Upon exercise of a call option by the buyer of such option, the seller of such option shall incur the obligation to assume a short position in one Underlying Futures Contract at such option's exercise price.

**1. Quarterly Options**

The buyer of a Quarterly option (Rule 351A01.D.1.) may exercise such option at any time prior to its expiration.

**2. European Style Weekly Options and European Style End-of-Month Options**

The buyer of a European style Weekly option (Rule 351A01.D.2.) or a European style End-of-Month option (Rule 351A01.D.3.) may exercise such option only at its expiration.

**351A01.H. [Reserved]**

**351A01.I. Termination of Trading**

**(FOR OPTION CONTRACTS LISTED PRIOR TO 21 FEBRUARY 2016)**

**1. Options in the March Quarterly Cycle**

For options that expire in the March quarterly cycle, options trading shall terminate at the same date and time as the underlying futures contract.

**2. Options Not in the March Quarterly Cycle**

For options that expire in months other than those in the March quarterly cycle, options trading shall terminate on the third Friday of the contract month. If that day is not a scheduled Exchange Business Day, options trading shall terminate on the first 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. Options in the European Style "End-Of-Month" Options Series**

For options in the European Style "End-of-Month" Options Series, trading shall terminate at 3:00p.m. Chicago Time on the last Business Day of the contract month. In the event that the underlying futures market does not open on the scheduled options expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

#### **4. Options in the European Style Weekly Options Series**

For options in the European Style Weekly Options Series, trading shall terminate at 3:00p.m. Chicago Time on the Friday of the named week of the contract month.

For the first (1st) European Style weekly option of the month, if the first Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the Friday falls in the preceding calendar month, the first weekly option shall not be listed for trading.

For the second (2nd) European Style weekly option of the month, if the second Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday.

For the fourth (4th) European Style weekly option of the month, if the fourth Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday.

However, if the fourth (4th) week is scheduled to expire on the last Business Day of the month, the contract shall not be listed for trading, since the European Style End-Of-Month will be scheduled to expire on the same day.

In the event that the underlying futures market does not open on the scheduled options expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

#### **351A01.I. Termination of Trading**

#### **(FOR OPTION CONTRACTS LISTED ON OR AFTER 21 FEBRUARY 2016)**

##### **1. Quarterly Options**

Trading in any Quarterly option shall terminate on the same date and at the same time as the termination of trading in such option's Underlying Futures Contract (Rule 351A01.D.1.).

##### **2. European Style Weekly Options**

Trading in any European style Weekly option shall terminate at 3:00 p.m., or at noon in the case of an early scheduled close of the Primary Listing Exchange (Rule 351A00.A.), on the Friday designated by the Exchange as such option's expiration date. For a given calendar month:

Trading shall terminate in European style First Weekly options, and such options shall expire, on the first Friday of such month.

Trading shall terminate in European style Second Weekly options, and such options shall expire, on the second Friday of such month.

Trading shall terminate in European style Third Weekly options, and such options shall expire, on the third Friday of such month.

Trading shall terminate in European style Fourth Weekly options, and such options shall expire, on the fourth Friday of such month.

If such Friday is not a scheduled Business Day, then trading in expiring options shall be scheduled to terminate on the Business Day first preceding such Friday, *provided that* the Exchange shall not list European style Weekly options for trading in any such instance where the Business Day first preceding such Friday would be the last Business Day of the preceding calendar month.

The Exchange shall not list European style Fourth Weekly options for any month wherein the fourth Friday is the last Business Day of such month.

If the market in the Underlying Futures Contract for such option does not open on the day scheduled for termination of option trading and for option expiration, then trading in such option shall terminate, and such option shall expire, on the next day on which the market in such Underlying Futures Contract is open for trading.

##### **3. European Style End-Of-Month Options**

Trading in any European style End-of-Month option shall terminate at 3:00 p.m., or at noon in the case of an early scheduled close of the Primary Listing Exchange (Rule 351A00.A.), on the last Business Day of such option's expiration month.

If the market in the Underlying Futures Contract for such option does not open on the day scheduled for termination of option trading, then trading in such option shall terminate, and such option shall expire, on the next day on which the market in such Underlying Futures Contract is open for trading.

**351A01.J. [Reserved]**

**351A02. EXERCISE AND ASSIGNMENT**

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

**351A02.A. Exercise**

**(FOR OPTION CONTRACTS LISTED PRIOR TO 21 FEBRUARY 2016)**

**1. Options Not in the European Style “End-of-Month” Series and European Style Weekly Series**

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

An option in the March quarterly cycle that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of the expiration by the clearing member representing the option buyer, be exercised automatically.

In-the-money options that expire in months other than those in the March quarterly cycle and have not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of the expiration by the clearing member representing the option buyer, be exercised automatically.

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.

**2. Options in the European Style “End-of-Month” Series and the European Style Weekly Options Series**

Following the termination of trading of an option, all in-the-money options shall be automatically exercised by the Clearing House. All out-of-the-money options shall be abandoned by the Clearing House on the day of expiration for the option. Whether an option is in or out of the money shall be determined based on the fixing price of the CME E-mini S&P 500 Index futures on the day of expiration, determined pursuant to Rule 358A02.A.2.

An option is deemed in the money if the fixing price of the underlying futures contract lies strictly above the exercise price in the case of a call, or lies strictly below the exercise price in the case of a put. For example, if the fixing price were 1250.01 or higher, then 1250 Calls shall be exercised. If the fixing price were 1250.00 or lower, then 1250 Calls shall be abandoned. Similarly, if the fixing price were 1249.99 or lower, then 1250 Puts shall be exercised. If the fixing price were 1250.00 or higher, then 1250 Puts shall be abandoned.

Options in the European Style “End-of-Month” options series and European Style Weekly options series may not be exercised prior to the expiration of the options. At the expiration, in-the-money options may not be abandoned and out-of-the-money options may not be exercised.

**351A02.A. Exercise**

**(FOR OPTION CONTRACTS LISTED ON OR AFTER 21 FEBRUARY 2016)**

**1. Quarterly Options**

Any Quarterly option (Rule 351A01.D.1.) may be exercised by the buyer on any Business Day on which such option may be traded. To exercise such option, the clearing member representing the option buyer shall present an exercise notice to the Clearing House by 7:00 p.m., or by such other time as the Exchange may designate, on the day of exercise.

Any unexercised option shall expire at 7:00 p.m. on the last day of trading in such option (Rule 351A01.I.). Any option that is in the money, and that has not been liquidated or exercised prior to its termination of trading, shall be exercised automatically upon expiration, in the absence of contrary instructions. Such contrary instructions must be delivered to the Clearing House, by the clearing member representing the buyer of such option, no later than 7:00 p.m., or such other time as may be designated by the Exchange, on the last day of trading in such option.

A call option shall be in the money if the settlement price of such option's Underlying Futures Contract (Rule 351A01.D.) on the last day of trading in such option (Rule 351A01.I.) is strictly above such option's exercise price, and shall be out of the money if such settlement price is at or below such option's exercise price.

A put option shall be in the money if the settlement price of such option's Underlying Futures Contract on the last day of trading in such option is strictly below such option's exercise price, and shall be out of the money if such settlement price is at or above such option's exercise price.

## **2. European Style Weekly Options and European Style End-of-Month Options**

Any European style Weekly option (Rule 351A01.D.2.) or European style End-of-Month option (Rule 351A01.D.3.) may be exercised only at, and not before, the expiration of such option.

Following the termination of trading in expiring options, any such option that is in the money shall be automatically exercised by the Clearing House, and any such option that is out of the money shall be abandoned by the Clearing House. For the avoidance of doubt, no such option that expires in the money may be abandoned, and no such option that expires out of the money may be exercised.

Whether an option expires in the money or out of the money shall be determined by the Exchange by reference to the Fixing Price of the CME E-mini Standard and Poor's 500 Stock Price Index ("E-mini S&P 500") futures contract (Chapter 358) for the same delivery month as such option's Underlying Futures Contract (Rule 351A01.D.). Such Fixing Price shall be determined by the Exchange in accordance with Rule 358A02.A.2. on the last day of trading in such option (Rule 351A01.I.).

If, at the time such Fixing Price is scheduled to be calculated, the Primary Listing Exchange (Rule 351A00.A.) is subject to a Regulatory Halt (Rule 351A00.B.), and the Primary Futures Contract Month is limit offered at the maximum price limit permissible during such Regulatory Halt pursuant to Rule 35102.I., then (a) such option shall expire at 8:31 a.m. on the next following Business Day on which a Regulatory Halt is not in effect, and (b) the Fixing Price for such option shall be calculated in accordance with the corresponding provisions of Rule 358A02.A.2.

An expiring call option shall be in the money if the corresponding Fixing Price is strictly above such option's exercise price, and shall be out of the money if the corresponding Fixing Price is at or below such option's exercise price.

An expiring put option shall be in the money if the corresponding Fixing Price is strictly below such option's exercise price, and shall be out of the money if the corresponding Fixing Price is at or above such option's exercise price.

### **351A02.B. Assignment**

For a given option contract, an exercise notice accepted by the Clearing House in accordance with Rules 351A02.A. shall be assigned by the Clearing House through a process of random selection to clearing members carrying open short positions in such option contract. A clearing member to whom such exercise notice has been assigned shall be notified thereof as soon as practicable following such assignment.

The clearing member to whom such exercise notice has been assigned shall be assigned a short position in such option's Underlying Futures Contract (Rules 351A01.D.) if such option is a call, or a long position in such option's Underlying Futures Contract if such option is a put. The clearing member representing the option buyer making exercise shall be assigned a long position in such option's Underlying Futures Contract if such option is a call, or a short position in such option's Underlying Futures Contract if such option is a put.

All such futures positions shall be assigned at a price equal to the exercise price of such option contract, and shall be marked to market (in accordance with Rule 814) on the Business Day on which the Clearing House accepts such exercise notice.

### **351A03. [RESERVED]**



#### **351A04. CORRECTIONS TO OPTION EXERCISES**

Corrections to option exercises may be accepted by the Clearing House after 7:00 p.m. and up to the beginning of final option expiration processing (in accord with Rules 351A02.A.), *provided that* such corrections are necessary due to: (1) a bona fide clerical error, (2) 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 7:00 p.m. The decision as to 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.

#### **351A05.-29. [RESERVED]**

### **FLEXIBLE OPTIONS**

#### **351A30. SCOPE OF FLEXIBLE OPTIONS RULES**

Unless otherwise noted below, the following flexible options rules supersede the standard option regulations presented in the earlier part of this chapter.

#### **351A31. FLEXIBLE OPTIONS CHARACTERISTICS**

##### **351A31.A. Nature of Flexible Contracts**

Flexible options on S&P 500 Index futures shall be permitted in puts and calls that do not have the same underlying futures contract, and the same strike price, and the same exercise style, and the same Expiration Date as standard listed options that are already available for trading.

Trading in standard options under certain flexible trading procedures shall be permitted prior to the listing of such options in the standard options pit or on Globex. Once and if these options are listed for trading as standard options in the standard options pit or on Globex, they will be traded only as standard options in the standard options pit or on Globex subject to the standard option trading requirements. Upon such listing, all existing open positions established under flexible trading procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

##### **351A31.B. Trading Unit**

The minimum size for requesting a quote and/or trading in a flexible options series is 10 contracts, where each contract represents an option to buy, in the case of the call, or to sell, in the case of the put, one S&P 500 Index futures contract as specified in Chapter 351. However, parties may request a quote and/or trade for less than 10 contracts in order to entirely close out a position in a flexible series.

Respondents to a request for quote must be willing to trade at least 10 contracts. However, a respondent may trade less than 10 contracts if the respondent is entirely closing out a position in the series.

##### **351A31.C. Minimum Fluctuations**

(Refer to Rule 351A01.C.—Minimum Fluctuations)

##### **351A31.D. Underlying Futures Contracts**

The underlying futures contract for a flexible option shall be any S&P 500 Index futures contract that is currently available for trading, as specified in Chapter 351.

##### **351A31.E. Exercise Prices**

Exercise prices shall be stated in terms of S&P 500 Index futures contract that is deliverable upon exercise of the option and may be at intervals of .10 for all S&P 500 Index levels from .10 through 9999.90, e.g., 400.00, 400.10, 400.20, etc. However, for a Request for Quote (RFQ), strike prices may be stated in .10 S&P 500 Index points (futures ticks) relative to the underlying futures contract.

##### **351A31.F. Position Limits, Exemptions, Position Accountability and Reportable Levels**

(Refer to Rule 351A01.F.)

##### **351A31.G. [Reserved]**

##### **351A31.H. [Reserved]**

**351A31.I. Termination of Trading**

Flexible options Expiration Dates may be specified for any scheduled Exchange Business Day up to and including the day of determination of the Final Settlement Price of the underlying futures contract. If a flexible options expiration occurs on the same day as the day of determination of the Final Settlement Price of its underlying futures contract, flexible options trading shall terminate at the same time as the underlying futures on the Business Day immediately preceding the day of determination of the Final Settlement Price of the underlying futures contract. Otherwise, flexible options trading shall terminate at the close of trading on the Expiration Date specified for the flexible options. 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.

A new flexible options series may be opened on its last day of trading and may be traded on its last day of trading.

**351A31.J. [Reserved]**

**351A32. FLEXIBLE OPTIONS EXERCISE**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of flexible options on S&P 500 Stock Price Index futures.

**351A32.A. Exercise of Flexible Options by Buyer**

Flexible options may be specified to have either American Style or European Style exercise.

A flexible option with American Style exercise may be exercised by the buyer on any Business Day that the option is traded and also on its Expiration Date. To exercise the 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.

A flexible option with European Style exercise may be exercised by the buyer only on the day that the option expires. To exercise the 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.

Any flexible options that is in the money and has not been liquidated or exercised prior to its Expiration Date shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the Expiration Date by the clearing member representing the option buyer, be exercised automatically.

**351A32.B. Assignment**

(Refer to Rule 351A02.B.—Assignment)

**351A33. [RESERVED]**

**351A34. INITIATING A FLEXIBLE OPTIONS CONTRACT SERIES**

For each trading session, the opening of trading in any flexible options series shall occur through a Request For Quote (RFQ). No RFQs will be accepted within 15 minutes of the daily scheduled closing time of the underlying futures or within 15 minutes prior to the termination of trading of the underlying futures.

**351A35. RESPONSE TIME INTERVAL**

Trades against the first RFQ submitted for a flexible option series on any Trading Day may occur immediately upon acceptance of an RFQ by the designated flexible options pit official.

**351A36. RFQ TRADING INTERVAL**

A flexible options series shall immediately open for trading following the first RFQ submitted for such flexible options series. Priority for RFQs is determined by order of submission to the RFQ official, except that all RFQs submitted before the open shall be treated equally.

**351A37. EXPIRATION OF AN RFQ**

Trading in a given flexible options series following an RFQ shall remain open for the remainder of the trading session.

**351A38. REPORTING OF FLEXIBLE OPTIONS TRADES**

It shall be the responsibility of the participants in a flexible options trade to report the quantities and prices to the designated flexible options pit official in a timely manner, including any later trades in open flexible contract term series.

(End Chapter 351A)

**INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 351A**

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## Appendix C

# Amendments to Chapter 358A Options on E-mini<sup>®</sup> Standard and Poor's 500 Stock Price Index Futures

(Additions are underlined. Deletions are [ ~~bracketed and struck through~~ ]. There are no amendments to Interpretations & Special Notices Relating to Chapter 358A.)

### **358A00. SCOPE OF CHAPTER**

[ ~~This chapter is limited in application to options on E-mini Standard and Poor's 500 Stock Price Index ("S&P 500 Index") futures. In addition to this chapter, options on E-mini ("S&P 500 Index") 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.~~ ]

This chapter is limited in application to options on E-mini<sup>®</sup> Standard and Poor's 500 Stock Price Index futures ("E-mini S&P 500 Index futures" or "futures"). In addition to this chapter, options on futures shall be subject to the general rules and regulations of the Exchange as applicable.

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

#### **358A00.A. Primary Listing Exchange**

For the purposes of this chapter a Primary Listing Exchange shall be as defined in the "Plan to Address Extraordinary Market Volatility Submitted to the Securities and Exchange Commission Pursuant to Rule 608 of Regulation NMS Under the Securities Exchange Act of 1934" approved 31 May 2012 by the U.S. Securities and Exchange Commission ("SEC"), as amended from time to time (SEC, SRO Rulemaking, National Market System Plans, File 4-631).

#### **358A00.B. Regulatory Halt**

For the purposes of this chapter a Regulatory Halt shall be as defined in the "Plan to Address Extraordinary Market Volatility Submitted to the Securities and Exchange Commission Pursuant to Rule 608 of Regulation NMS Under the Securities Exchange Act of 1934" approved 31 May 2012 by the SEC, as amended from time to time (SEC, SRO Rulemaking, National Market System Plans, File 4-631) and as implemented under New York Stock Exchange Rule 80B for Trading Halts Due to Extraordinary Volatility or under Nasdaq Stock Market Rule 4121 for Trading Halts Due to Extraordinary Volatility.

### **358A01. OPTIONS CHARACTERISTICS**

#### **358A01.A. Contract Months, Trading Hours, and Trading Halts**

[ ~~Options contracts shall be listed for such contract months and scheduled for trading during such hours, except as indicated below, as may be determined by the Exchange.~~

~~There shall be no trading in any option contract when the E-mini ("S&P 500 Index") primary futures contract is limit bid or offered at any price limit except at the total daily price limit on an option's last day of trading.~~

~~There shall be no trading in any option contract during a period when trading in the primary futures contract is terminated pursuant to Rule 35802.I.~~

~~For purposes of this rule, the primary E-mini futures contract shall be defined as the nearest E-mini S&P 500 futures contract month.~~

~~For purposes of this rule, the Exchange shall have the responsibility of determining whether the primary E-mini futures contract is trading at its limit during Regular Trading Hours (RTH). During Electronic Trading Hours (ETH), the determination shall be made by the Globex Control Center.~~ ]

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, *provided that* there shall be no trading in options:

- (1) when trading is halted in the Primary Futures Contract Month for E-mini S&P 500 Index futures pursuant to Rule 35802.I., nor
- (2) when such Primary Futures Contract Month is limit bid or limit offered at any price limit pursuant to Rule 35802.I., except at the price limit associated with a Level 3 (20%) Market Decline in the Standard and Poor's 500 Stock Price Index ("S&P 500 Index" or "Index") pursuant to a Regulatory Halt (Rule 358A00.B.) on such option's last day of trading.

In accordance with Rule 35802.I. the Exchange shall determine, in its sole discretion, the futures delivery month that represents such Primary Futures Contract Month and when such Primary Futures Contract Month is limit bid or limit offered.

#### **358A01.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 E-mini ("S&P 500 Index") futures contract as specified in Chapter 358. ]~~

The trading unit shall be an option to buy in the case of a call, or to sell in the case of a put, one E-mini S&P 500 Index futures contract (Chapter 358).

#### **358A01.C. Minimum Fluctuations**

~~[ The price of an option shall be quoted in index points. Each .01 index point shall represent \$0.50.~~

~~The minimum fluctuation shall be .25 index points (also known as one tick). Trades may also occur at a price of .05 index points \$2.50, whether or not such trades result in the liquidation of positions for both parties to the trade. A trade with a price equal to or less than 5.00 index points may also occur at a price in multiples of .05 index points, \$2.50.~~

~~Each leg of a combination trade of options contracts shall be traded at a price conforming to the minimum fluctuation. Notwithstanding, options in a combination trade can be traded at an increment of .05 index points regardless of the premium level if the net premium of the options combination is at or below 5.00 index points. ]~~

Option prices shall be quoted in Index points. Each Index point shall represent \$50.00 per option contract.

Subject to Rule 358A01.C.1., the minimum price fluctuation shall be 0.25 Index points (equal to \$12.50 per option contract), *provided that* trades at price levels equal to or less than 5.00 Index points may occur at price levels that are integer multiples of 0.05 Index points (equal to \$2.50 per option contract), and *provided that* trade may occur at a price level of 0.05 Index points irrespective of whether such trade results in the liquidation of positions for both parties to such trade.

##### 1. Option Spreads and Combinations

Any option contract that trades as a component of a spread or combination shall be traded at a price that conforms to the applicable minimum price fluctuation as set forth in this Rule, *provided that* for any option spread or combination that trades at a net premium of 5.00 Index points or less, each option contract comprised within such spread or combination may trade in price increments of 0.05 Index points.

#### **358A01.D. Underlying Futures Contract**

##### **(FOR OPTION CONTRACTS LISTED PRIOR TO 21 FEBRUARY 2016)**

##### **1. Options in the March Quarterly Cycle**

For options that expire in the March quarterly cycle (i.e., March, June, September, and December), the underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in March is the March futures contract.

##### **2. Options Not in the March Quarterly Cycle**

For options that expire in months other than those in the March quarterly cycle (i.e., January, February, April, May, July, August, October, and November), the underlying futures contract is the next futures contract in the March

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quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for options that expire in January or February is the March futures contract.

### **3. Options in the European Style “End-of-Month” Option Series**

For options in the European Style “End-of-Month” options series, the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for options in the January or February European Style “End-of-Month” option series is the March futures contract, while the underlying futures contract for options in the March European Style “End-of-Month” option series is the June futures contract.

### **4. Options in the European Style Weekly Option Series**

For options in the European Style weekly options series, the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for the first (1<sup>st</sup>), second (2<sup>nd</sup>) and fourth (4<sup>th</sup>) April and May European Style weekly options shall be the June futures contract; the underlying futures contract for the first (1<sup>st</sup>) and second (2<sup>nd</sup>) June European Style weekly options shall be the June futures contract; the underlying futures contract for the fourth (4<sup>th</sup>) June weekly options shall be the September futures contract.

## **358A01.D. Underlying Futures Contract**

### **(FOR OPTION CONTRACTS LISTED ON OR AFTER 21 FEBRUARY 2016)**

#### **1. American Style Options in the March Quarterly Cycle (“Quarterly options”)**

For any American style option for which the expiration month is in the March quarterly cycle (i.e., March, June, September, or December), the Underlying Futures Contract shall be for delivery in such option’s expiration month.

Example: For a given year, futures for delivery in March shall be the Underlying Futures Contract for a March Quarterly option.

#### **2. European Style Weekly Options**

For any European style Weekly option, the Underlying Futures Contract shall be for delivery on the third Friday of the March quarterly cycle month next following such option’s expiration, subject to Rule 35803.A.

Examples: For a given year, futures for delivery in June shall be the Underlying Futures Contract for third (3<sup>rd</sup>) March, fourth (4<sup>th</sup>) March, first (1<sup>st</sup>) April, second (2<sup>nd</sup>) April, third (3<sup>rd</sup>) April, fourth (4<sup>th</sup>) April, first (1<sup>st</sup>) May, second (2<sup>nd</sup>) May, third (3<sup>rd</sup>) May, fourth (4<sup>th</sup>) May, first (1<sup>st</sup>) June, and second (2<sup>nd</sup>) June European style Weekly options. Futures for delivery in September shall be the Underlying Futures Contract for third (3<sup>rd</sup>) June and fourth (4<sup>th</sup>) June European style Weekly options.

The Exchange shall not list a European style 4<sup>th</sup> Weekly option for trading in any instance where such option’s expiration would occur on the last Business Day of a month.

#### **3. European Style End-of-Month Options**

For any European style End-of-Month option, the Underlying Futures Contract shall be for delivery on the third Friday of the March quarterly cycle month next following such option’s expiration, subject to Rule 35803.A.

Examples: For a given year, futures for delivery in March shall be the Underlying Futures Contract for a January European style End-of-Month option and for a February European style End-of-Month option. Futures for delivery in June shall be the Underlying Futures Contract for a March European style End-of-Month option.

## **358A01.E. Exercise Prices**

### **[ 1. Options in the March Quarterly Cycle**

The exercise prices shall be stated in terms of the E-mini (“S&P 500 Index”) futures contract.

At the commencement of trading, the Exchange shall list all exercise prices in a range of 50 percent of the referencing index above and below the previous day’s settlement price of the underlying futures contract that are integers divisible by 25 without remainder, e.g. 1200, 1225, 1250, etc.

~~Exercise prices that are integers divisible by 10 without remainder shall be added, if they have not already been listed, within a range of 20 percent of the referencing index above and below the previous day's settlement price of the underlying futures contract.~~

~~When a contract month becomes the second nearest contract month in the March quarterly cycle, the Exchange shall add exercise prices at an interval that is an integer divisible by 5 without remainder in a range of 10 percent of the referencing index above and below the previous day's settlement price of the underlying futures contract.~~

~~Thereafter, when a daily settlement price in the underlying futures contract occurs at, or passes through, any exercise price, the Exchange shall list, on the next Trading Day, all eligible exercise prices in the corresponding ranges. The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.~~

## ~~2. Options not in the March Quarterly Cycle~~

~~Exercise prices for options not in the March quarterly cycle listed for trading shall be identical to the exercise prices that are listed for the March quarterly options on the same underlying futures contract. For example, the exercise prices listed for the January contract shall be identical to those listed for the March contract.~~

## ~~3. Options in the European Style "End-of-Month" Options Series~~

~~Exercise prices for options in the European Style "End-of-Month" Options Series listed for trading shall be identical to the exercise prices that are listed for the March quarterly options on the same underlying futures contract. For example, the exercise prices listed for the January European Style "End-of-Month" option series shall be identical to those listed for the March Quarterly options series.~~

## ~~4. Options in the European Style Weekly Options Series~~

~~At the commencement of trading, the Exchange shall list all exercise prices within 100 strikes above and below the previous day's settlement price of the March quarterly options on the same underlying futures contract that are integers divisible by 5 without remainder, e.g. 1200, 1205, 1210, etc.~~

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

In each month in the March quarterly cycle (Rule 358A01.D.1.) the Exchange shall determine an Exercise Price Reference on the Business Day first preceding the day on which the final settlement price of futures for delivery in such month (Rule 35803.A.) is scheduled to be determined. Such Exercise Price Reference shall be set equal to the daily settlement price of such futures, rounded *down* to the nearest Index point.

The Exchange shall use such Exercise Price Reference to determine listing ranges for option exercise prices on all Business Days following its determination, until and including the next Business Day on which the Exchange determines a successor Exercise Price Reference in accordance with this Rule.

### 1. Quarterly Options

On any Business Day, the Exchange shall ensure that Quarterly put and call options are listed for trading at all eligible exercise prices, as follows:

#### 25 Point Exercise Prices

For Quarterly options exercisable into a given Underlying Futures Contract (Rule 358A01.D.1.), the Exchange shall ensure that such put and call options are listed for trading at all exercise price levels that are integer multiples of 25 Index points (e.g., 1300, 1325, 1350) and that lie within a range from 50 percent of the Exercise Price Reference below, to 50 percent of the Exercise Price Reference above, the preceding Business Day's daily settlement price for such Underlying Futures Contract.

#### 10 Point Exercise Prices

For Quarterly options exercisable into a given Underlying Futures Contract (Rule 358A01.D.1.), the Exchange also shall ensure that such put and call options are listed for trading at all exercise price levels that are integer multiples of 10 Index points (e.g., 1300, 1310, 1320) and that lie within a range from 20 percent of the Exercise Price Reference below, to 20 percent of the Exercise Price Reference above, the preceding Business Day's daily settlement price for such Underlying Futures Contract.

#### 5 Point Exercise Prices

As of the day on which an Underlying Futures Contract for a given delivery month becomes the futures contract second-nearest to delivery in the March quarterly cycle (Rule 358A01.D.1.), the Exchange also shall ensure that Quarterly put and call options exercisable into such Underlying Futures Contract are listed for trading at all exercise price levels that are integer multiples of 5 Index points (e.g. 1300, 1305, 1310) and

that lie within a range from 10 percent of the Exercise Price Reference below, to 10 percent of the Exercise Price Reference above, the preceding Business Day's daily settlement price for such Underlying Futures Contract.

New options may be listed for trading on any Business Day up to and including the termination of trading in such options.

## **2. All Options Excluding Quarterly Options**

On any given Business Day, options that are not Quarterly options (Rule 358A01.D.), and that are exercisable into a given Underlying Futures Contract, shall be listed for trading at all exercise price levels at which Quarterly options exercisable into such Underlying Futures Contract are concurrently listed for trading (Rule 358A01.E.1.).

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

### **358A01.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.

**358A01.G. [Reserved]**

### **(FOR OPTION CONTRACTS LISTED PRIOR TO 21 FEBRUARY 2016)**

#### **358A01.G. Nature of Options**

### **(FOR OPTION CONTRACTS LISTED ON OR AFTER 21 FEBRUARY 2016)**

Upon exercise of a put option by the buyer of such option, the seller of such option shall incur the obligation to assume a long position in one Underlying Futures Contract (Rule 358A01.D.) at such option's exercise price (Rule 358A01.E.). Upon exercise of a call option by the buyer of such option, the seller of such option shall incur the obligation to assume a short position in one Underlying Futures Contract at such option's exercise price.

#### **1. Quarterly Options**

The buyer of a Quarterly option (Rule 358A01.D.1.) may exercise such option at any time prior to its expiration.

#### **2. European Style Weekly Options and European Style End-of-Month Options**

The buyer of a European style Weekly option (Rule 358A01.D.2.) or a European style End-of-Month option (Rule 358A01.D.3.) may exercise such option only at its expiration.

**358A01.H. [Reserved]**

#### **358A01.I. Termination of Trading**

### **(FOR OPTION CONTRACTS LISTED PRIOR TO 21 FEBRUARY 2016)**

#### **1. Options in the March Quarterly Cycle**

For options that expire in the March quarterly cycle, options trading shall terminate at the same date and time as the underlying futures contract.

#### **2. Options Not in the March Quarterly Cycle**

For options that expire in months other than those in the March quarterly cycle, options trading shall terminate on the third Friday of the contract month. If that day is not a scheduled Exchange Business Day, options trading shall terminate on the first preceding business day. In the event that the underlying futures market does not open on the scheduled Expiration Date, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.



### **3. Options in the European Style “End-Of-Month” Options Series**

For options in the European Style “End-of-Month” Options Series, electronic trading on Globex of the options shall terminate at 3:00p.m. Chicago Time on the last Business Day of the contract month. In the event that the underlying futures market does not open on the scheduled options Expiration Date, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

### **4. Options in the European Style Weekly Options Series**

For options in the European Style Weekly Options Series, trading shall terminate at 3:00p.m. Chicago Time on the Friday of the named week of the contract month.

For the first (1<sup>st</sup>) European Style weekly option of the month, if the first Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the Friday falls in the preceding calendar month, the first weekly option shall not be listed for trading.

For the second (2<sup>nd</sup>) European Style weekly option of the month, if the second Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday. For the fourth (4<sup>th</sup>) European Style weekly option of the month, if the fourth Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday.

However, if the fourth (4<sup>th</sup>) week is scheduled to expire on the last Business Day of the month, the contract shall not be listed for trading, since the European Style End-Of-Month will be scheduled to expire on the same day.

In the event that the underlying futures market does not open on the scheduled options Expiration Date, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

## **358A01.I. Termination of Trading**

### **(FOR OPTION CONTRACTS LISTED ON OR AFTER 21 FEBRUARY 2016)**

#### **1. Quarterly Options**

Trading in any Quarterly option shall terminate on the same date and at the same time as the termination of trading in such option's Underlying Futures Contract (Rule 358A01.D.1.).

#### **2. European Style Weekly Options**

Trading in any European style Weekly option shall terminate at 3:00 p.m., or at noon in the case of an early scheduled close of the Primary Listing Exchange (Rule 358A00.A.), on the Friday designated by the Exchange as such option's expiration date. For a given calendar month:

Trading shall terminate in European style First Weekly options, and such options shall expire, on the first Friday of such month.

Trading shall terminate in European style Second Weekly options, and such options shall expire, on the second Friday of such month

Trading shall terminate in European style Third Weekly options, and such options shall expire, on the third Friday of such month

Trading shall terminate in European style Fourth Weekly options, and such options shall expire, on the fourth Friday of such month

If such Friday is not a scheduled Business Day, then trading in expiring options shall be scheduled to terminate on the Business Day first preceding such Friday, provided that the Exchange shall not list European style Weekly options for trading in any such instance where the Business Day first preceding such Friday would be the last Business Day of the preceding calendar month.

The Exchange shall not list European style Fourth Weekly options for any month wherein the fourth Friday is the last Business Day of such month.

If the market in the Underlying Futures Contract for such option does not open on the day scheduled for termination of option trading and for option expiration, then trading in such option shall terminate, and such option shall expire, on the next day on which the market in such Underlying Futures Contract is open for trading.

### **3. European Style End-Of-Month Options**

Trading in any European style End-of-Month option shall terminate at 3:00 p.m., or at noon in the case of an early scheduled close of the Primary Listing Exchange (Rule 358A00.A.), on the last Business Day of such option's expiration month.

If the market in the Underlying Futures Contract for such option does not open on the day scheduled for termination of option trading, then trading in such option shall terminate, and such option shall expire, on the next day on which the market in such Underlying Futures Contract is open for trading.

#### **358A01.J. [Reserved]**

#### **358A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of [~~E-mini S&P 500 Index~~] options.

#### **358A02.A. Exercise of Option by Buyer**

##### **(FOR OPTION CONTRACTS LISTED PRIOR TO 21 FEBRUARY 2016)**

##### **[ ~~358A02.A.~~ ]1 Options Not in the European Style "End-of-Month" Series and European Style Weekly Series**

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

An option in the March quarterly cycle that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of the expiration by the clearing member representing the option buyer, be exercised automatically.

In-the-money options that expire in months other than those in the March quarterly cycle and have not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of the expiration by the clearing member representing the option buyer, be exercised automatically.

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.

##### **[ ~~358A02.A.~~ ]2 Options in the European Style "End-of-Month" Series and the European Style Weekly Options Series**

Following the termination of trading of an option, all in-the-money options shall be automatically exercised by the Clearing House on the day of expiration for the option. All out-of-the-money options shall be abandoned by the Clearing House on the day of expiration for the option. Whether an option is in or out of the money shall be determined based on the fixing price of the CME E-mini S&P 500 index futures on the day of expiration as follows:

Tier1 Take the thirty (30) second average of sale prices of the underlying futures contract on Globex, weighted by volume, from 2:59:30 to 3:00:00 p.m. Chicago time.

Tier2 If no sales occurred during the thirty-second interval noted above, take the midpoint of each bid and ask spread and average the resulting midpoints over the thirty-second interval. However, when looking at each bid / ask spread, if it is wider than 2 ticks (0.50 index points), the bid/ask pair shall be discarded in the calculation.

Tier3 If the fixing price cannot be determined by both Tiers 1 and 2, or there is a trading interruption in the underlying futures market on Globex at any point from 2:58:00 to 3:00:00 p.m. Chicago time due to system

outage or trading stoppages, including stoppages pursuant to Rule 580.3, take the thirty (30) second average of sale prices of the S&P 500 futures contract of the same contract month as the underlying futures contract, from 2:59:30 to 3:00:00 p.m. Chicago time.

Tier 4 If the fixing price cannot be determined pursuant to Tiers 1, 2 and 3, the Exchange shall take into consideration any other information it deems appropriate to determine the fixing price. This information may include, but is not limited to, the following, and procedures to determine the information may be performed in any order by the Exchange: (1) derive the fixing price based on basis relationship against the underlying cash index level; (2) repeat Tier 1, 2, or 3 at ever increasing 30 second increment intervals until data is obtained.

The calculation of the fixing price shall be rounded to the nearest 0.01 index points.

In the event of an option expiring on a shortened Trading Day, the fixing calculation shall be performed based on the market activities during the thirty-second period immediately preceding the close of the underlying stock market.

An option is deemed in the money if the fixing price of the underlying futures contract lies strictly above the exercise price in the case of a call, or lies strictly below the exercise price in the case a put. For example, if the fixing price were 1250.01 or higher, then 1250 Calls shall be exercised. If the fixing price were 1250.00 or lower, then 1250 Calls shall be abandoned. Similarly, if the CME fixing price were 1249.99 or lower, then 1250 Puts shall be exercised. If the fixing price were 1250.00 or higher, then 1250 Puts shall be abandoned.

Options in the European Style "End-of-Month" options series and European Style Weekly options series may not be exercised prior to the expiration of the options. At the expiration, in-the-money options may not be abandoned and out-of-the-money options may not be exercised.

#### **358A02.A. Exercise**

#### **(FOR OPTION CONTRACTS LISTED ON OR AFTER 21 FEBRUARY 2016)**

##### **1. Quarterly Options**

Any Quarterly option (Rule 358A01.D.1.) may be exercised by the buyer on any Business Day on which such option may be traded. To exercise such option, the clearing member representing the option buyer shall present an exercise notice to the Clearing House by 7:00 p.m., or by such other time as the Exchange may designate, on the day of exercise.

Any unexercised option shall expire at 7:00 p.m. on the last day of trading in such option (Rule 358A01.I.). Any option that is in the money, and that has not been liquidated or exercised prior to its termination of trading, shall be exercised automatically upon expiration, in the absence of contrary instructions. Such contrary instructions must be delivered to the Clearing House, by the clearing member representing the buyer of such option, no later than 7:00 p.m., or such other time as may be designated by the Exchange, on the last day of trading in such option.

A call option shall be in the money if the settlement price of such option's Underlying Futures Contract (Rule 358A01.D.) on the last day of trading in such option (Rule 358A01.I.) is strictly above such option's exercise price, and shall be out of the money if such settlement price is at or below such option's exercise price.

A put option shall be in the money if the settlement price of such option's Underlying Futures Contract on the last day of trading in such option is strictly below such option's exercise price, and shall be out of the money if such settlement price is at or above such option's exercise price.

##### **2. European Style Weekly Options and European Style End-of-Month Options**

Any European style Weekly option (Rule 358A01.D.2.) or European style End-of-Month option (Rule 358A01.D.3.) may be exercised only at, and not before, expiration of such option.

Following termination of trading in expiring options, any such option that is in the money shall be automatically exercised by the Clearing House, and any such option that is out of the money shall be abandoned by the Clearing House. For the avoidance of doubt, no such option that expires in the money may be abandoned, and no such option that expires out of the money may be exercised.

Whether an option expires in the money or out of the money shall be determined by the Exchange, in its sole discretion, by reference to the Fixing Price of such option's Underlying Futures Contract (Rule 358A01.D.). The Exchange, in its sole discretion, shall set such Fixing Price on the last day of trading in such option, as follows:

- Tier 1 Such Fixing Price shall be based on the volume-weighted average price of transactions in such Underlying Futures Contract on the CME Globex electronic trading platform between 2:59:30 p.m. and 3:00:00 p.m. (or between 11:59:30 a.m. and noon in the case of an early scheduled close of the Primary Listing Exchange) ("reference interval").
- Tier 2 If no such transaction occurs during the reference interval, then such Fixing Price shall be based on the average of midpoints of bid/ask spreads for such futures quoted on CME Globex during the reference interval, *provided that* the Fixing Price calculation shall exclude the midpoint value for any such bid/ask spread that is wider than 0.50 Index points.
- Tier 3 If such Fixing Price cannot be determined pursuant to Tier 1 or Tier 2, or if an unscheduled non-regulatory halt in CME Globex trading in such Underlying Futures Contract occurs between 2:58:00 p.m. and 3:00:00 p.m., then such Fixing Price shall be based on the average transaction price during the reference interval of the CME Standard and Poor's 500 Stock Price Index ("S&P 500") futures contract (Chapter 351) for the same delivery month as such option's Underlying Futures Contract (Rule 358A01.D.).
- Tier 4 If such Fixing Price cannot be determined pursuant to Tier 1, Tier 2, or Tier 3, then the Exchange, in its sole discretion, shall set such Fixing Price by alternative means which may include, but are not limited to, derivation by reference to the basis relationship between such futures contract's price and the Index, or application of Tier 1, Tier 2, or Tier 3 calculations to successive time intervals of increasing length, in integer multiples of thirty (30) seconds, until suitable price data are obtained.

The resultant Fixing Price value shall be rounded to the nearest integer multiple of 0.01 Index points. Such Fixing Price, so rounded, shall be used to determine whether an option expires in the money or out of the money.

If, at the time such Fixing Price is scheduled to be calculated in respect of expiring options, the Primary Listing Exchange (Rule 358A00.A.) is subject to a Regulatory Halt (Rule 358A00.B.), and the Primary Futures Contract Month is limit offered at the maximum price limit permissible during such Regulatory Halt pursuant to Rule 35802.I., then (a) such option shall expire at 8:31 a.m. on the next following Business Day on which a Regulatory Halt is not in effect, and (b) the Fixing Price in respect of such option shall be calculated in accordance with the corresponding provisions of this Rule, on the basis of a reference interval beginning at 8:30:30 a.m. and concluding at 8:31:00 a.m.

An expiring call option shall be in the money if the corresponding Fixing Price is strictly above such option's exercise price, and shall be out of the money if the corresponding Fixing Price is at or below such option's exercise price.

An expiring put option shall be in the money if the corresponding Fixing Price is strictly below such option's exercise price, and shall be out of the money if the corresponding Fixing Price is at or above such option's exercise price.

### **358A02.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 prior to the opening of trading 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 was exercised or a long position if a put was exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call was exercised and a short position if a put was 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. ]~~

For a given option contract, an exercise notice accepted by the Clearing House in accordance with Rules 358A02.A. shall be assigned by the Clearing House through a process of random selection to clearing members carrying open short positions in such option contract. A clearing member to whom such exercise notice has been assigned shall be notified thereof as soon as practicable following such assignment.

The clearing member to whom such exercise notice has been assigned shall be assigned a short position in such option's Underlying Futures Contract (Rules 358A01.D.) if such option is a call, or a long position in such option's

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Underlying Futures Contract if such option is a put. The clearing member representing the option buyer making exercise shall be assigned a long position in such option's Underlying Futures Contract if such option is a call, or a short position in such option's Underlying Futures Contract if such option is a put.

All such futures positions shall be assigned at a price equal to the exercise price of such option contract, and shall be marked to market (in accordance with Rule 814) on the Business Day on which the Clearing House accepts such exercise notice.

**358A03. [RESERVED]**

**358A04. CORRECTIONS TO OPTION EXERCISES**

Corrections to option exercises may be accepted by the Clearing House after 7:00 p.m. and up to the beginning of final option expiration processing (in accord with Rules 358A02.A.), *provided that* such corrections are necessary due to: (1) a bona fide clerical error, (2) 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 7:00 p.m. The decision as to 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.

**358A05.-29. [RESERVED]**

## Appendix D

# Amended Chapter 358A Options on E-mini<sup>®</sup> Standard and Poor's 500 Stock Price Index Futures

### **358A00. SCOPE OF CHAPTER**

This chapter is limited in application to options on E-mini Standard and Poor's 500 Stock Price Index futures ("E-mini S&P 500 Index futures" or "futures"). In addition to this chapter, options on futures shall be subject to the general rules and regulations of the Exchange as applicable.

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

#### **358A00.A. Primary Listing Exchange**

For the purposes of this chapter a Primary Listing Exchange shall be as defined in the "Plan to Address Extraordinary Market Volatility Submitted to the Securities and Exchange Commission Pursuant to Rule 608 of Regulation NMS Under the Securities Exchange Act of 1934" approved 31 May 2012 by the U.S. Securities and Exchange Commission ("SEC"), as amended from time to time (SEC, SRO Rulemaking, National Market System Plans, File 4-631).

#### **358A00.B. Regulatory Halt**

For the purposes of this chapter a Regulatory Halt shall be as defined in the "Plan to Address Extraordinary Market Volatility Submitted to the Securities and Exchange Commission Pursuant to Rule 608 of Regulation NMS Under the Securities Exchange Act of 1934" approved 31 May 2012 by the SEC, as amended from time to time (SEC, SRO Rulemaking, National Market System Plans, File 4-631) and as implemented under New York Stock Exchange Rule 80B for Trading Halts Due to Extraordinary Volatility or under Nasdaq Stock Market Rule 4121 for Trading Halts Due to Extraordinary Volatility.

### **358A01. OPTIONS CHARACTERISTICS**

#### **358A01.A. Contract Months, Trading Hours, and Trading Halts**

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, *provided that* there shall be no trading in options:

- (1) when trading is halted in the Primary Futures Contract Month for E-mini S&P 500 Index futures pursuant to Rule 35802.I., nor
- (2) when such Primary Futures Contract Month is limit bid or limit offered at any price limit pursuant to Rule 35802.I., except at the price limit associated with a Level 3 (20%) Market Decline in the Standard and Poor's 500 Stock Price Index ("S&P 500 Index" or "Index") pursuant to a Regulatory Halt (Rule 358A00.B.) on such option's last day of trading.

In accordance with Rule 35802.I. the Exchange shall determine, in its sole discretion, the futures delivery month that represents such Primary Futures Contract Month and when such Primary Futures Contract Month is limit bid or limit offered.

#### **358A01.B. Trading Unit**

The trading unit shall be an option to buy in the case of a call, or to sell in the case of a put, one E-mini S&P 500 Index futures contract (Chapter 358).

#### **358A01.C. Minimum Fluctuations**

Option prices shall be quoted in Index points. Each Index point shall represent \$50.00 per option contract.

Subject to Rule 358A01.C.1., the minimum price fluctuation shall be 0.25 Index points (equal to \$12.50 per option contract), *provided that* trades at price levels equal to or less than 5.00 Index points may occur at price levels that are integer multiples of 0.05 Index points (equal to \$2.50 per option contract), and *provided that* trade may occur at a price level of 0.05 Index points irrespective of whether such trade results in the liquidation of positions for both parties to such trade.

### **1. Option Spreads and Combinations**

Any option contract that trades as a component of a spread or combination shall be traded at a price that conforms to the applicable minimum price fluctuation as set forth in this Rule, *provided that* for any option spread or combination that trades at a net premium of 5.00 Index points or less, each option contract comprised within such spread or combination may trade in price increments of 0.05 Index points.

#### **358A01.D. Underlying Futures Contract**

##### **(FOR OPTION CONTRACTS LISTED PRIOR TO 21 FEBRUARY 2016)**

#### **1. Options in the March Quarterly Cycle**

For options that expire in the March quarterly cycle (i.e., March, June, September, and December), the underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in March is the March futures contract.

#### **2. Options Not in the March Quarterly Cycle**

For options that expire in months other than those in the March quarterly cycle (i.e., January, February, April, May, July, August, October, and November), the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for options that expire in January or February is the March futures contract.

#### **3. Options in the European Style “End-of-Month” Option Series**

For options in the European Style “End-of-Month” options series, the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for options in the January or February European Style “End-of-Month” option series is the March futures contract, while the underlying futures contract for options in the March European Style “End-of-Month” option series is the June futures contract.

#### **4. Options in the European Style Weekly Option Series**

For options in the European Style weekly options series, the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for the first (1<sup>st</sup>), second (2<sup>nd</sup>) and fourth (4<sup>th</sup>) April and May European Style weekly options shall be the June futures contract; the underlying futures contract for the first (1<sup>st</sup>) and second (2<sup>nd</sup>) June European Style weekly options shall be the June futures contract; the underlying futures contract for the fourth (4<sup>th</sup>) June weekly options shall be the September futures contract.

#### **358A01.D. Underlying Futures Contract**

##### **(FOR OPTION CONTRACTS LISTED ON OR AFTER 21 FEBRUARY 2016)**

#### **1. American Style Options in the March Quarterly Cycle (“Quarterly options”)**

For any American style option for which the expiration month is in the March quarterly cycle (i.e., March, June, September, or December), the Underlying Futures Contract shall be for delivery in such option’s expiration month.

Example: For a given year, futures for delivery in March shall be the Underlying Futures Contract for a March Quarterly option.

#### **2. European Style Weekly Options**

For any European style Weekly option, the Underlying Futures Contract shall be for delivery on the third Friday of the March quarterly cycle month next following such option’s expiration, subject to Rule 35803.A.

Examples: For a given year, futures for delivery in June shall be the Underlying Futures Contract for third (3<sup>rd</sup>) March, fourth (4<sup>th</sup>) March, first (1<sup>st</sup>) April, second (2<sup>nd</sup>) April, third (3<sup>rd</sup>) April, fourth (4<sup>th</sup>) April, first (1<sup>st</sup>) May, second (2<sup>nd</sup>) May, third (3<sup>rd</sup>) May, fourth (4<sup>th</sup>) May, first (1<sup>st</sup>) June, and second (2<sup>nd</sup>) June European style Weekly options. Futures for delivery in September shall be the Underlying Futures Contract for third (3<sup>rd</sup>) June and fourth (4<sup>th</sup>) June European style Weekly options.

The Exchange shall not list a European style 4<sup>th</sup> Weekly option for trading in any instance where such option’s expiration would occur on the last Business Day of a month.

### **3. European Style End-of-Month Options**

For any European style End-of-Month option, the Underlying Futures Contract shall be for delivery on the third Friday of the March quarterly cycle month next following such option's expiration, subject to Rule 35803.A.

Examples: For a given year, futures for delivery in March shall be the Underlying Futures Contract for a January European style End-of-Month option and for a February European style End-of-Month option. Futures for delivery in June shall be the Underlying Futures Contract for a March European style End-of-Month option.

#### **358A01.E. Exercise Prices**

In each month in the March quarterly cycle (Rule 358A01.D.1.) the Exchange shall determine an Exercise Price Reference on the Business Day first preceding the day on which the final settlement price of futures for delivery in such month (Rule 35803.A.) is scheduled to be determined. Such Exercise Price Reference shall be set equal to the daily settlement price of such futures, rounded *down* to the nearest Index point.

The Exchange shall use such Exercise Price Reference to determine listing ranges for option exercise prices on all Business Days following its determination, until and including the next Business Day on which the Exchange determines a successor Exercise Price Reference in accordance with this Rule.

#### **1. Quarterly Options**

On any Business Day, the Exchange shall ensure that Quarterly put and call options are listed for trading at all eligible exercise prices, as follows:

##### 25 Point Exercise Prices

For Quarterly options exercisable into a given Underlying Futures Contract (Rule 358A01.D.1.), the Exchange shall ensure that such put and call options are listed for trading at all exercise price levels that are integer multiples of 25 Index points (e.g., 1300, 1325, 1350) and that lie within a range from 50 percent of the Exercise Price Reference below, to 50 percent of the Exercise Price Reference above, the preceding Business Day's daily settlement price for such Underlying Futures Contract.

##### 10 Point Exercise Prices

For Quarterly options exercisable into a given Underlying Futures Contract (Rule 358A01.D.1.), the Exchange also shall ensure that such put and call options are listed for trading at all exercise price levels that are integer multiples of 10 Index points (e.g., 1300, 1310, 1320) and that lie within a range from 20 percent of the Exercise Price Reference below, to 20 percent of the Exercise Price Reference above, the preceding Business Day's daily settlement price for such Underlying Futures Contract.

##### 5 Point Exercise Prices

As of the day on which an Underlying Futures Contract for a given delivery month becomes the futures contract second-nearest to delivery in the March quarterly cycle (Rule 358A01.D.1.), the Exchange also shall ensure that Quarterly put and call options exercisable into such Underlying Futures Contract are listed for trading at all exercise price levels that are integer multiples of 5 Index points (e.g. 1300, 1305, 1310) and that lie within a range from 10 percent of the Exercise Price Reference below, to 10 percent of the Exercise Price Reference above, the preceding Business Day's daily settlement price for such Underlying Futures Contract.

New options may be listed for trading on any Business Day up to and including the termination of trading in such options.

#### **2. All Options Excluding Quarterly Options**

On any given Business Day, options that are not Quarterly options (Rules 358A01.D.), and that are exercisable into a given Underlying Futures Contract, shall be listed for trading at all exercise price levels at which Quarterly options exercisable into such Underlying Futures Contract are concurrently listed for trading (Rule 358A01.E.1.).

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

#### **358A01.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.



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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.

**358A01.G. [Reserved]**

**(FOR OPTION CONTRACTS LISTED PRIOR TO 21 FEBRUARY 2016)**

**358A01.G. Nature of Options**

**(FOR OPTION CONTRACTS LISTED ON OR AFTER 21 FEBRUARY 2016)**

Upon exercise of a put option by the buyer of such option, the seller of such option shall incur the obligation to assume a long position in one Underlying Futures Contract (Rule 358A01.D.) at such option's exercise price (Rule 358A01.E.). Upon exercise of a call option by the buyer of such option, the seller of such option shall incur the obligation to assume a short position in one Underlying Futures Contract at such option's exercise price.

#### **1. Quarterly Options**

The buyer of a Quarterly option (Rule 358A01.D.1.) may exercise such option at any time prior to its expiration.

#### **2. European Style Weekly Options and European Style End-of-Month Options**

The buyer of a European style Weekly option (Rule 358A01.D.2.) or a European style End-of-Month option (Rule 358A01.D.3.) may exercise such option only at its expiration.

**358A01.H. [Reserved]**

**358A01.I. Termination of Trading**

**(FOR OPTION CONTRACTS LISTED PRIOR TO 21 FEBRUARY 2016)**

#### **1. Options in the March Quarterly Cycle**

For options that expire in the March quarterly cycle, options trading shall terminate at the same date and time as the underlying futures contract.

#### **2. Options Not in the March Quarterly Cycle**

For options that expire in months other than those in the March quarterly cycle, options trading shall terminate on the third Friday of the contract month. If that day is not a scheduled Exchange Business Day, options trading shall terminate on the first preceding business day. In the event that the underlying futures market does not open on the scheduled Expiration Date, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

#### **3. Options in the European Style "End-Of-Month" Options Series**

For options in the European Style "End-of-Month" Options Series, electronic trading on Globex of the options shall terminate at 3:00p.m. Chicago Time on the last Business Day of the contract month. In the event that the underlying futures market does not open on the scheduled options Expiration Date, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

#### **4. Options in the European Style Weekly Options Series**

For options in the European Style Weekly Options Series, trading shall terminate at 3:00p.m. Chicago Time on the Friday of the named week of the contract month.

For the first (1<sup>st</sup>) European Style weekly option of the month, if the first Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the Friday falls in the preceding calendar month, the first weekly option shall not be listed for trading.

For the second (2<sup>nd</sup>) European Style weekly option of the month, if the second Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday.

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For the fourth (4<sup>th</sup>) European Style weekly option of the month, if the fourth Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday.

However, if the fourth (4<sup>th</sup>) week is scheduled to expire on the last Business Day of the month, the contract shall not be listed for trading, since the European Style End-Of-Month will be scheduled to expire on the same day.

In the event that the underlying futures market does not open on the scheduled options Expiration Date, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

#### **358A01.I. Termination of Trading**

##### **(FOR OPTION CONTRACTS LISTED ON OR AFTER 21 FEBRUARY 2016)**

#### **1. Quarterly Options**

Trading in any Quarterly option shall terminate on the same date and at the same time as the termination of trading in such option's Underlying Futures Contract (Rule 358A01.D.1.).

#### **2. European Style Weekly Options**

Trading in any European style Weekly option shall terminate at 3:00 p.m., or at noon in the case of an early scheduled close of the Primary Listing Exchange (Rule 358A00.A.), on the Friday designated by the Exchange as such option's expiration date. For a given calendar month:

Trading shall terminate in European style First Weekly options, and such options shall expire, on the first Friday of such month.

Trading shall terminate in European style Second Weekly options, and such options shall expire, on the second Friday of such month

Trading shall terminate in European style Third Weekly options, and such options shall expire, on the third Friday of such month

Trading shall terminate in European style Fourth Weekly options, and such options shall expire, on the fourth Friday of such month

If such Friday is not a scheduled Business Day, then trading in expiring options shall be scheduled to terminate on the Business Day first preceding such Friday, *provided that* the Exchange shall not list European style Weekly options for trading in any such instance where the Business Day first preceding such Friday would be the last Business Day of the preceding calendar month.

The Exchange shall not list European style Fourth Weekly options for any month wherein the fourth Friday is the last Business Day of such month.

If the market in the Underlying Futures Contract for such option does not open on the day scheduled for termination of option trading and for option expiration, then trading in such option shall terminate, and such option shall expire, on the next day on which the market in such Underlying Futures Contract is open for trading.

#### **3. European Style End-Of-Month Options**

Trading in any European style End-of-Month option shall terminate at 3:00 p.m., or at noon in the case of an early scheduled close of the Primary Listing Exchange (Rule 358A00.A.), on the last Business Day of such option's expiration month.

If the market in the Underlying Futures Contract for such option does not open on the day scheduled for termination of option trading, then trading in such option shall terminate, and such option shall expire, on the next day on which the market in such Underlying Futures Contract is open for trading.

#### **358A01.J. [Reserved]**

#### **358A02. EXERCISE AND ASSIGNMENT**

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

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**358A02.A. Exercise of Option by Buyer**

**(FOR OPTION CONTRACTS LISTED PRIOR TO 21 FEBRUARY 2016)**

**1. Options Not in the European Style “End-of-Month” Series and European Style Weekly Series**

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

An option in the March quarterly cycle that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of the expiration by the clearing member representing the option buyer, be exercised automatically.

In-the-money options that expire in months other than those in the March quarterly cycle and have not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of the expiration by the clearing member representing the option buyer, be exercised automatically.

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.

**2. Options in the European Style “End-of-Month” Series and the European Style Weekly Options Series**

Following the termination of trading of an option, all in-the-money options shall be automatically exercised by the Clearing House on the day of expiration for the option. All out-of-the-money options shall be abandoned by the Clearing House on the day of expiration for the option. Whether an option is in or out of the money shall be determined based on the fixing price of the CME E-mini S&P 500 index futures on the day of expiration as follows:

Tier1 Take the thirty (30) second average of sale prices of the underlying futures contract on Globex, weighted by volume, from 2:59:30 to 3:00:00 p.m. Chicago time.

Tier2 If no sales occurred during the thirty-second interval noted above, take the midpoint of each bid and ask spread and average the resulting midpoints over the thirty-second interval. However, when looking at each bid / ask spread, if it is wider than 2 ticks (0.50 index points), the bid/ask pair shall be discarded in the calculation.

Tier3 If the fixing price cannot be determined by both Tiers 1 and 2, or there is a trading interruption in the underlying futures market on Globex at any point from 2:58:00 to 3:00:00 p.m. Chicago time due to system outage or trading stoppages, including stoppages pursuant to Rule 580.3, take the thirty (30) second average of sale prices of the S&P 500 futures contract of the same contract month as the underlying futures contract, from 2:59:30 to 3:00:00 p.m. Chicago time.

Tier 4 If the fixing price cannot be determined pursuant to Tiers 1, 2 and 3, the Exchange shall take into consideration any other information it deems appropriate to determine the fixing price. This information may include, but is not limited to, the following, and procedures to determine the information may be performed in any order by the Exchange: (1) derive the fixing price based on basis relationship against the underlying cash index level; (2) repeat Tier 1, 2, or 3 at ever increasing 30 second increment intervals until data is obtained.

The calculation of the fixing price shall be rounded to the nearest 0.01 index points.

In the event of an option expiring on a shortened Trading Day, the fixing calculation shall be performed based on the market activities during the thirty-second period immediately preceding the close of the underlying stock market.

An option is deemed in the money if the fixing price of the underlying futures contract lies strictly above the exercise price in the case of a call, or lies strictly below the exercise price in the case a put. For example, if the fixing price were 1250.01 or higher, then 1250 Calls shall be exercised. If the fixing price were 1250.00 or lower, then 1250 Calls shall be abandoned. Similarly, if the CME fixing price were 1249.99 or lower, then 1250 Puts shall be exercised. If the fixing price were 1250.00 or higher, then 1250 Puts shall be abandoned.

Options in the European Style "End-of-Month" options series and European Style Weekly options series may not be exercised prior to the expiration of the options. At the expiration, in-the-money options may not be abandoned and out-of-the-money options may not be exercised.

**358A02.A. Exercise**

**(FOR OPTION CONTRACTS LISTED ON OR AFTER 21 FEBRUARY 2016)**

**1. Quarterly Options**

Any Quarterly option (Rule 358A01.D.1.) may be exercised by the buyer on any Business Day on which such option may be traded. To exercise such option, the clearing member representing the option buyer shall present an exercise notice to the Clearing House by 7:00 p.m., or by such other time as the Exchange may designate, on the day of exercise.

Any unexercised option shall expire at 7:00 p.m. on the last day of trading in such option (Rule 358A01.I.). Any option that is in the money, and that has not been liquidated or exercised prior to its termination of trading, shall be exercised automatically upon expiration, in the absence of contrary instructions. Such contrary instructions must be delivered to the Clearing House, by the clearing member representing the buyer of such option, no later than 7:00 p.m., or such other time as may be designated by the Exchange, on the last day of trading in such option.

A call option shall be in the money if the settlement price of such option's Underlying Futures Contract (Rule 358A01.D.) on the last day of trading in such option (Rule 358A01.I.) is strictly above such option's exercise price, and shall be out of the money if such settlement price is at or below such option's exercise price.

A put option shall be in the money if the settlement price of such option's Underlying Futures Contract on the last day of trading in such option is strictly below such option's exercise price, and shall be out of the money if such settlement price is at or above such option's exercise price.

**2. European Style Weekly Options and European Style End-of-Month Options**

Any European style Weekly option (Rule 358A01.D.2.) or European style End-of-Month option (Rule 358A01.D.3.) may be exercised only at, and not before, expiration of such option.

Following termination of trading in expiring options, any such option that is in the money shall be automatically exercised by the Clearing House, and any such option that is out of the money shall be abandoned by the Clearing House. For the avoidance of doubt, no such option that expires in the money may be abandoned, and no such option that expires out of the money may be exercised.

Whether an option expires in the money or out of the money shall be determined by the Exchange, in its sole discretion, by reference to the Fixing Price of such option's Underlying Futures Contract (Rule 358A01.D.). The Exchange, in its sole discretion, shall set such Fixing Price on the last day of trading in such option, as follows:

- Tier 1 Such Fixing Price shall be based on the volume-weighted average price of transactions in such Underlying Futures Contract on the CME Globex electronic trading platform between 2:59:30 p.m. and 3:00:00 p.m. (or between 11:59:30 a.m. and noon in the case of an early scheduled close of the Primary Listing Exchange) ("reference interval").
- Tier 2 If no such transaction occurs during the reference interval, then such Fixing Price shall be based on the average of midpoints of bid/ask spreads for such futures quoted on CME Globex during the reference interval, *provided that* the Fixing Price calculation shall exclude the midpoint value for any such bid/ask spread that is wider than 0.50 Index points.
- Tier 3 If such Fixing Price cannot be determined pursuant to Tier 1 or Tier 2, or if an unscheduled non-regulatory halt in CME Globex trading in such Underlying Futures Contract occurs between 2:58:00 p.m. and 3:00:00 p.m., then such Fixing Price shall be based on the average transaction price during the reference interval of the CME Standard and Poor's 500 Stock Price Index ("S&P 500") futures contract (Chapter 351) for the same delivery month as such option's Underlying Futures Contract (Rule 358A01.D.).
- Tier 4 If such Fixing Price cannot be determined pursuant to Tier 1, Tier 2, or Tier 3, then the Exchange, in its sole discretion, shall set such Fixing Price by alternative means which may include, but are not limited to, derivation by reference to the basis relationship between such futures contract's price

and the Index, or application of Tier 1, Tier 2, or Tier 3 calculations to successive time intervals of increasing length, in integer multiples of thirty (30) seconds, until suitable price data are obtained.

The resultant Fixing Price value shall be rounded to the nearest integer multiple of 0.01 Index points. Such Fixing Price, so rounded, shall be used to determine whether an option expires in the money or out of the money.

If, at the time such Fixing Price is scheduled to be calculated in respect of expiring options, the Primary Listing Exchange (Rule 358A00.A.) is subject to a Regulatory Halt (Rule 358A00.B.), and the Primary Futures Contract Month is limit offered at the maximum price limit permissible during such Regulatory Halt pursuant to Rule 35802.I., then (a) such option shall expire at 8:31 a.m. on the next following Business Day on which a Regulatory Halt is not in effect, and (b) the Fixing Price in respect of such option shall be calculated in accordance with the corresponding provisions of this Rule, on the basis of a reference interval beginning at 8:30:30 a.m. and concluding at 8:31:00 a.m.

An expiring call option shall be in the money if the corresponding Fixing Price is strictly above such option's exercise price, and shall be out of the money if the corresponding Fixing Price is at or below such option's exercise price.

An expiring put option shall be in the money if the corresponding Fixing Price is strictly below such option's exercise price, and shall be out of the money if the corresponding Fixing Price is at or above such option's exercise price.

#### **358A02.B. Assignment**

For a given option contract, an exercise notice accepted by the Clearing House in accordance with Rules 358A02.A. shall be assigned by the Clearing House through a process of random selection to clearing members carrying open short positions in such option contract. A clearing member to whom such exercise notice has been assigned shall be notified thereof as soon as practicable following such assignment.

The clearing member to whom such exercise notice has been assigned shall be assigned a short position in such option's Underlying Futures Contract (Rules 358A01.D.) if such option is a call, or a long position in such option's Underlying Futures Contract if such option is a put. The clearing member representing the option buyer making exercise shall be assigned a long position in such option's Underlying Futures Contract if such option is a call, or a short position in such option's Underlying Futures Contract if such option is a put.

All such futures positions shall be assigned at a price equal to the exercise price of such option contract, and shall be marked to market (in accordance with Rule 814) on the Business Day on which the Clearing House accepts such exercise notice.

#### **358A03. [RESERVED]**

#### **358A04. CORRECTIONS TO OPTION EXERCISES**

Corrections to option exercises may be accepted by the Clearing House after 7:00 p.m. and up to the beginning of final option expiration processing (in accord with Rules 358A02.A.), *provided that* such corrections are necessary due to: (1) a bona fide clerical error, (2) 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 7:00 p.m. The decision as to 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.

#### **358A05.-29. [RESERVED]**

(End Chapter 358A)

### **INTERPRETATIONS AND SPECIAL NOTICES** **RELATING TO CHAPTER 358A**

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