

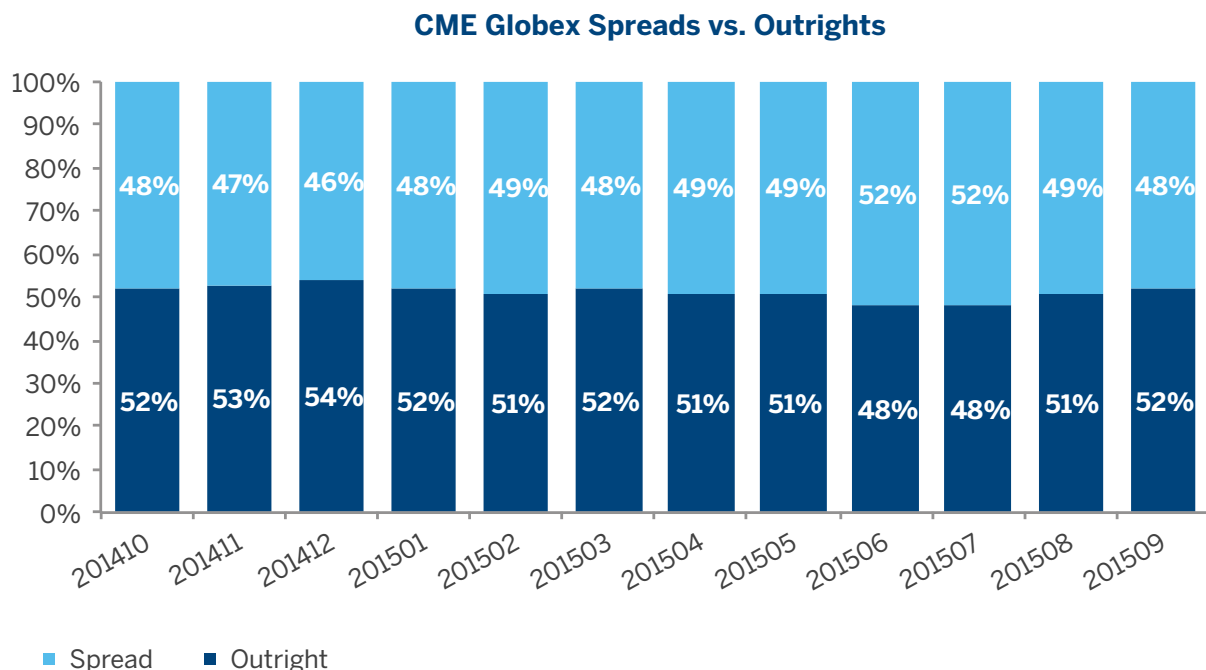
## Option Spread Functionality on CME Globex

The option spread, which involves combining multiple option instruments into a single instrument, offers an important method to maximize the quality of the executions through reduced costs, reduced execution risk, and the potential for price improvement.

### BENEFITS

- Execute multi-leg option spreads as a single instrument, eliminating leg risk
- Reduced costs to execute by eliminating need to pay the bid/ask spread for multiple transactions
- Market makers actively compete to provide you liquidity through Request for Quote (RFQ) functionality – leading to potential price improvement. **Learn more about RFQs at [cmegroup.com/rfq](http://cmegroup.com/rfq).**
- Improved ability to isolate the expression of a position on volatility

### SPREADS ACCOUNT FOR ~50% OF ALL CME GLOBEX OPTIONS VOLUME



## SPREADS ON CME GLOBEX

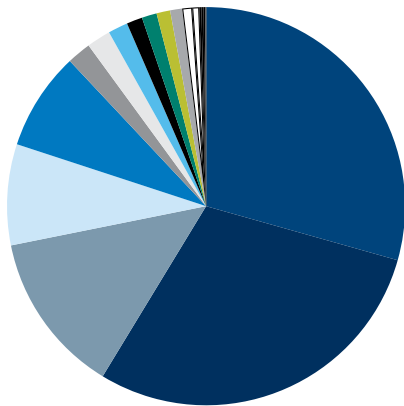
Options spreads on CME Globex are User-Defined Spreads (UDS) created from a user request that defines each leg instrument composing the strategy and associated sides and ratios. CME Globex processes the request and creates a tradeable instrument that is disseminated to the entire market.

- **Recognized:** An option spread type that is known and historically traded configuration. For example, the butterfly spread represents buy 1 sell 2 buy 1 of a given instrument at a defined strike interval and expiration. A recognized spread, such as this, is submitted to the CME Globex platform, acknowledged, and disseminated to the market using a Market Data Platform message.
- **Unrecognized:** An options strategy type that does not conform to any known options strategy configuration, is acknowledged and disseminated as 'Generic' (GN) using the Market Data Platform.
- **Request for Quote:** An electronic, real-time, message that is sent to all market participants connected to CME Globex, expressing interest in a strategy or instrument.

## EXCHANGE RECOGNIZED SPREAD TYPES

- Calendar Horizontal (HO)
- Calendar Diagonal (DG)
- Straddle (ST)
- Strangle (SG)
- Vertical (VT)
- Box (BX)
- Butterfly (BO)
- Conditional Curve (CC)
- Condor (CO)
- Double (DB)
- Horizontal Straddle (HS)
- Iron Condor (IC)
- Ratio 1x2 (12)
- Ratio 1x3 (13)
- Ratio 2x3 (23)
- Strip (SR)
- Risk Reversal (RR)
- Straddle Strips (SS)
- Xmas Tree (XT)
- 3-Way (3W)
- 3-Way Straddle versus Call (3C)
- 3-Way Straddle versus Put (3P)
- Iron Butterfly (IB)
- Jelly Roll (JR)
- Guts (GT)

## CURRENT CME GLOBEX SPREAD TYPE USAGE\*



\*Data 2015 YTD (through September 30)

CME Group® is a registered trademark of Chicago Mercantile Exchange Inc. The Globe logo, CME, Chicago Mercantile Exchange, Globex, CME Direct and CME Direct Messenger are trademarks of Chicago Mercantile Exchange Inc. Chicago Board of Trade is a trademark of the Board of Trade of the City of Chicago, Inc. NYMEX is a trademark of the New York Mercantile Exchange, Inc.

Futures trading is not suitable for all investors, and involves the risk of loss. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles. And only a portion of those funds should be devoted to any one trade because they cannot expect to profit on every trade. All examples in this brochure are hypothetical situations, used for explanation purposes only, and should not be considered investment advice or the results of actual market experience.

The information within this brochure has been compiled by CME Group for general purposes only and has not taken into account the specific situations of any recipients of this brochure. CME Group assumes no responsibility for any errors or omissions. Additionally, all examples in this brochure are hypothetical situations, used for explanation purposes only, and should not be considered investment advice or the results of actual market experience. All matters pertaining to rules and specifications herein are made subject to and are superseded by official CME, NYMEX and CBOT rules. Current CME/CBOT/NYMEX rules should be consulted in all cases before taking any action.

Copyright © 2015 CME Group. All rights reserved.