

TO: Clearing Member Firms

FROM: CME Clearing

ADVISORY #: 16-342

SUBJECT: **Changes to Globex Cabinet Prices for CBOT Treasury Option Trades**

DATE: August 29, 2016

Effective Monday, October 3, 2016, the “variable cabinet” price for Globex trades for CBOT Treasury options will be changed. This change is in response to market demand and will allow Globex trades at especially low “cabinet” prices to be done at values approximately equal to half of the normal trade tick.

The cabinet value for Globex trades in options on Five Year T-Note futures will be changed from one dollar to four dollars, and the cabinet value for Globex trades in all other options on Treasury futures will be changed from one dollar to seven dollars. Globex cabinet trades in other CBOT option products will be unaffected and will remain at their current value of one dollar.

Globex security definition messages and FIXML product reference files will reflect the modified values. Globex and CME Direct users will want to verify that their systems are properly using the cabinet value provided on the security definition messages when routing orders for cabinet-price trades. Clearing firms will receive FIXML trade confirmation messages at the modified variable cabinet prices, exactly as they do for trades at cabinet-price trades executed on the floor.

The change will be made effective in the New Release testing environment for Globex on Monday, September 5, and for clearing on Wednesday, September 14. Hence, traders can begin testing iLink order submission and fill messages at the new cabinet price levels in the Globex New Release environment on Monday, September 5. Beginning on Wednesday, September 14, the FIXML clearing trade confirmation messages sent in the Clearing New Release environment will also reflect those modified cabinet price levels.

This change will have no effect on the submission of variable cabinet prices for CBOT Treasury option trades done on the trading floor, which will continue to be supported in the current manner, and it will have no effect on end-of-day settlement prices for these options.

The table below lists all of the affected products. For further information, please contact CME Clearing at 312-207-2525 (US), 44-20-3379-3198 (UK), or 65-6593-5591 (Singapore).

Product	Clearing/Globex Symbol Weekly Clr/Glbx Symbol	Old Globex CAB Value	New Globex CAB Value
Options on Ultra Treasury Bond Futures	UBE/OUB Weekly: UL1-5/UB1-5	\$1.00	\$7.00
Options on Treasury Bond Futures	17/OZB Weekly: US1-5/ZB1-5	\$1.00	\$7.00
Options on Ultra 10 Year US Treasury Note Futures	TN/OTN Weekly: TN1-5/TN1-5	\$1.00	\$7.00
Options on 10 Year US Treasury Note Futures	21/OZN Weekly: TY1-5/ZN1-5	\$1.00	\$7.00
Options on 5 Year US Treasury Note Futures	25/OZF Weekly: FV1-5/ZF1-5	\$1.00	\$4.00
Options on 2 Year US Treasury Note Futures	26/OZT Weekly: TW1-5/ZT1-5	\$1.00	\$7.00