

# Volatility-Quoted Options on CME Globex Customer Mock Trading Session November 12, 2016

## 1. Introduction & Overview

The objectives of the customer test on Saturday, October 22, 2016, is to ensure customers can access and trade volatility-quoted options products on the CME Globex electronic trading platform.

The CME Globex Control Center (GCC) will be staffed to support this session.

There will be a conference bridge line open during the testing. Customers are encouraged to dial into This line for information related to the customer testing session.

**Conference Bridge Number**

US toll free: 1.877.979.3898

International: 011.404.410.4584

**Pass Code**

6485475

Participants should call the GCC at any time during the testing session with questions, requests or concerns at:

United States: +1 800 438 8616

Europe: +44 0800 898 013

Asia: +65 6532 5010

## 2. Timeline

The volatility-quoted options mock trading session will follow the timeline reflected in the tables below. All times are listed in Central time (CT).

Time (CT)	Description
8:30 a.m.	<p><b>Connect and Network testing</b></p> <ul style="list-style-type: none"> <li>• Customers connect directly to iLink sessions</li> <li>• Customers join relevant MDP 3.0 channels for market data</li> </ul> <p>Conference call opens: Report any issues on the conference call</p>
8:55 a.m.	<b>Pre-Open</b>
9:00 a.m.	<p><b>Scripted Testing</b></p> <ul style="list-style-type: none"> <li>• Begin scripted trading and market data testing (see section 4 - Test Plan)</li> </ul>
10:00 a.m.	<p><b>Market Close</b></p> <p>Conference call closes</p>

Please note: all testing must conclude no later than 10:00 a.m. CT.

### 3. Eligible Products

All volatility-quoted options products will be available for the volatility-quoted options customer testing session. Customers may select to trade using any volatility-quoted options products, per their business needs.

Volatility-Quoted Options					
Product	Style	Maturity*	Outright Instrument Group Code (MDP 3.0 tag 1151-SecurityGroup)	Product Code (MDP 3.0 tag 6937-Asset)	Market Segment ID (MDP 3.0 tag 1300-MarketSegmentID)
Australian Dollar	American	Monthly	3U	V6A	52
	European	Monthly	3A	VXA	52
		Weekly		VAA-VAE	
British Pound	American	Monthly	3P	V6B	52
	European	Monthly	B3	VXB	52
		Weekly		VBA-VBE	
Canadian Dollar	American	Monthly	3D	V6C	52
	European	Monthly	3C	VXC	52
		Weekly		VCA-VCE	
EuroFX	American	Monthly	3R	V6E	52
	European	Monthly	3E	VXT	52
		Weekly		VTA-VTE	
Japanese Yen	American	Monthly	3Q	V6J	52
	European	Monthly	3Y	VXJ	52
		Weekly		VJA-VJE	
Swiss Franc	American	Monthly	3W	V6S	52
	European	Monthly	3S	VXS	52
		Weekly		VSA-VSE	

**Please note:**

Volatility-quoted options are a new quoting style that allows submission of orders in term of volatility instead of price, and as such represents new functionality within CME Globex

The MDP 3.0 Security Definition message (tag 35-MsgType=**d**) has been modified to support this new functionality. The following FIX tags are leveraged for the volatility-quoted options products as follows:

- **Volatility-quoted options product indicator**
  - Tag 871-InstAttribType = 24
  - Tag 872-InstAttribValue bit12 is set to 1
- **New repeating group to link volatility-quoted options and premium-quoted options products**
  - Tag 1649-RelatedSecuritySymbol
  - Tag 1650-RelatedSecurityID
  - Tag 1651-RelatedSecurityID Source

## 4. Test Plan

Subscribe to volatility-quoted options market data channels:

CME Globex FX Options	MDP 3.0 Channel
Australian Dollar	315
Canadian Dollar	321
Swiss Franc	315
Euro FX	321
British Pound	315
Japanese Yen	315

Download new Security Definition messages for all applicable volatility-quoted options products.

Complete the following order routing tests:

**Note** – Please do not submit FIX tag 7928-Self MatchPrevention ID on each order message during these mock tests.

### Test 1 – Volatility Quoted Options are not implied

1. Submit a buy-side order for 6AH7 with quantity = 10 at price of settle - tick
2. Submit a sell-side order for 6AH7 with quantity = 10 at price of settle + tick
3. Submit a buy-side order for ADUF7 C0780 with quantity = 50 at price of settle - tick
4. Submit a sell-side order for ADUF7 C0780 with quantity = 50 at price of settle + tick
  - a. There are no implied books generated for VXAF7 C0780

### Test 2 – Australian Dollar Volatility-Quoted European-Style Options

1. Submit a buy-side order for VXAF7 P0750 with quantity = 30 at volatility 15%
2. Submit a buy-side order for VXAF7 P0750 with quantity = 25 at volatility 15%
3. Submit a sell-side order for VXAF7 P0750 with quantity = 50 at volatility 15%
  - a. 30-lot trade for VXAF7 P0750 at volatility 15%
  - b. 20-lot trade for VXAF7 P0750 at volatility 15%
  - c. 30- and 20-lot trade volumes for ADUF7 P0750
  - d. Remaining 5-lot buy-side order for is VXAF7 P0750 eliminated from the book

### Test 3 – Canadian Dollar Volatility-Quoted American-Style Options

1. Submit a buy-side order for V6CX6 C0765 with quantity = 30 at volatility 15%
2. Submit a buy-side order for V6CX6 C0765 with quantity = 25 at volatility 15%
3. Submit a sell-side order for V6CX6 C0765 with quantity = 50 at volatility 15%
  - a. 30-lot trade for V6CX6 C0765 at volatility 15%
  - b. 20-lot trade for V6CX6 C0765 at volatility 15%
  - c. 30- and 20-lot trade volumes for 6CX6 C0765
  - d. Remaining 5-lot buy-side order for V6CX6 C0765 is eliminated from the book

#### **Test 4 – Swiss Franc Volatility-Quoted European-Style Options**

1. Submit a buy-side order for VXS7 P1020 with quantity = 30 at volatility 15%
2. Submit a buy-side order for VXS7 P1020 with quantity = 25 at volatility 15%
3. Submit a sell-side order for VXS7 P1020 with quantity = 50 at volatility 15%
  - a. 30-lot trade for VXS7 P1020 at volatility 15%
  - b. 20-lot trade for VXS7 P1020 at volatility 15%
  - c. 30- and 20-lot trade volumes for CHUF7 P1020
  - d. Remaining 5-lot buy-side order for VXS7 P1020 is eliminated from the book

#### **Test 5 – Euro FX Volatility-Quoted American-Style Options**

1. Submit a buy-side order for V6EX6 C1140 with quantity = 30 at volatility 15%
2. Submit a buy-side order for V6EX6 C1140 with quantity = 25 at volatility 15%
3. Submit a sell-side order for V6EX6 C1140 with quantity = 50 at volatility 15%
  - a. 30-lot trade for V6EX6 C1140 at volatility 15%
  - b. 20-lot trade for V6EX6 C1140 at volatility 15%
  - c. 30- and 20-lot trade volumes for 6EX6 C1140
  - d. Remaining 5-lot buy-side order for V6EX6 C1140 is eliminated from the book

#### **Test 6 – British Pound Volatility-Quoted European-Style Options**

1. Submit a buy-side order for VXBF7 P1275 with quantity = 30 at volatility 15%
2. Submit a buy-side order for VXBF7 P1275 with quantity = 25 at volatility 15%
3. Submit a sell-side order for VXBF7 P1275 with quantity = 50 at volatility 15%
  - a. 30-lot trade for VXBF7 P1275 at volatility 15%
  - b. 20-lot trade for VXBF7 P1275 at volatility 15%
  - c. 30- and 20-lot trade volumes for GBUF7 P1275
  - d. Remaining 5-lot buy-side order for VXBF7 P1275 is eliminated from the book

#### **Test 7 – Japanese Yen Volatility-Quoted American-Style Options**

1. Submit a buy-side order for V6JX6 C0990 with quantity = 30 at volatility 15%
2. Submit a buy-side order for V6JX6 C0990 with quantity = 25 at volatility 15%
3. Submit a sell-side order for V6JX6 C0990 with quantity = 50 at volatility 15%
  - a. 30-lot trade for V6JX6 C0990 at volatility 15%
  - b. 20-lot trade for V6JX6 C0990 at volatility 15%
  - c. 30- and 20-lot trade volumes for 6JX6 C0990
  - d. Remaining 5-lot buy-side order for V6JX6 C0990 is eliminated from the book

## **5. Additional Information**

Drop Copy 4.0, FirmSoft and CME Direct will be available during the mock trading session.



Price banding will be removed during the mock trading session

Detailed information on volatility-quoted options is available in the [CME Globex Notices](#). A [Client impact Overview](#) is also available.