CME Group

Special Executive Report

S-7744   **21 September 2016**

**Amendments to the CME Globex Trade Matching Algorithm for
Options on Three-Month Eurodollar Futures,
Options on Two-Year Bundle Futures, Options on Three-Year Bundle Futures, and Options on
Five-Year Bundle Futures Contracts**

Effective Sunday, 23 October 2016, for trade date Monday, 24 October 2016, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME" or "Exchange") will amend Rule 580. ("CME Globex Trade Matching Algorithms") to change the trade matching algorithm applicable to trading on the CME Globex electronic trading platform ("CME Globex") in Options on Three-Month Eurodollar Futures ("ED Options") (CME Rulebook Chapter 452A), Options on Two-Year Bundle Futures ("BU2 Options") (CME Rulebook Chapter 454A), Options on Three-Year Bundle Futures ("BU3 Options") (CME Rulebook Chapter 455A), and Options on Five-Year Bundle Futures ("BU5 Options") (CME Rulebook Chapter 456A), effective on Sunday, 23 October 2016, for trade date Monday, 24 October 2016.

The products subject to such changes are as follows –

	CME Globex	Open Outcry	CME ClearPort	Clearing
ED Option Products --				
Quarterly and Serial	GE	ZE	ED	ED
1-Year Mid-Curve	GE0	E0	E0	E0
1-Year Weekly Mid-Curve	E01-E05	1K-5K	1K-5K	1K-5K
2-Year Mid-Curve	GE2	E2	E2	E2
2-Year Weekly Mid-Curve	E21-E25	EE1-EE5		EE1-EE5
3-Year Mid-Curve	GE3	E3	E3	E3
3-Year Weekly Mid-Curve	E31-E35	EF1-EF5		EF1-EF5
4-Year Mid-Curve	GE4	E4	E4	E4
5-Year Mid-Curve	GE5	E5	E5	E5
Calendar Spread	SPO	SP1	SPO	SPO
BU2 Options	BU2	BU2	BU2	BU2
BU3 Options	BU3	BU3	BU3	BU3
BU5 Options	BU5	BU5	BU5	BU5

The changes will:

(1) apply Matching Algorithm Q (Threshold Pro-Rata with LMM) in place of the current Matching Algorithm Y (Eurodollar Option). One consequence of this action will be to make CME Globex trading in ED Options, BU2 Options, BU3 Options, and BU5 Options subject to the same trade matching protocol as currently applies to CME Globex trading in options on Treasury Note and Bond futures.

(2) require any trade match allocation to a TOP order to be subject to an upper bound of 1,500 contracts. (Currently, the maximum allowable trade match allocation to a TOP order is 24,999 contracts.)

The current minimum size requirement for an order to qualify for TOP status – 50 contracts – shall remain in effect. Additionally, the share of any aggressor order allocated to a TOP order shall remain at its current setting of 25 percent, the material difference that, pursuant to the amendments set forth here, the 25 percent share allotted to a TOP order shall apply to the entire aggressor order. (Currently, a TOP

order's 25 percent share applies to the remainder of the aggressor order, after share allocations have been awarded to Lead Market Makers.)

Please refer questions to:

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