



Special Executive Report

S-7708R

October 13, 2016

Amendments to the Price Increments Rules of the Six (6) Major FX Options To Enable Volatility Quoting and Trading on CME Globex

(This SER supersedes SER-7708 dated October 5, 2016 and is being issued to amend the effective date. No other changes have been made to the original SER.)

Effective Sunday, November 13, 2016 for trade date Monday, November 14, 2016, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME" or "Exchange") shall amend the price increments rules of the following six (6) major FX options contracts (collectively, the "Contracts"):

- Options on Australian Dollar/U.S. Dollar Futures ("AUD/USD")
- Options on British Pound/U.S. Dollar Futures ("GBP/USD")
- Options on Canadian Dollar/U.S. Dollar Futures ("CAD/USD")
- Options on Euro/U.S. Dollar Futures ("EUR/USD")
- Options on Japanese Yen/U.S. Dollar Futures ("JPY/USD")
- Options on Swiss Franc/U.S. Dollar Futures ("CHF/USD")

The amendments will permit volatility quoting and trading on CME Globex for American- and European-style weekly, monthly, and quarterly options of the Contracts that expire on their last trading day based on the 2:00 p.m. Fix. These options will also continue to be quoted and traded on CME Globex on a premium basis.

Appendix 1 provides the CME rule amendments in blackline format.

Please direct questions regarding this notice to:

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Appendix 1

Amendments to the Price Increments Rules of the Six (6) Major FX Options To Enable Volatility Quoting and Trading on CME Globex

(Additions are underlined; deletions are ~~struck through~~.)

Chapter 251A: Options on British Pound Sterling/U.S. Dollar (GBP/USD) Futures

251A01.C. Price Increments

For options trading on CME Globex and via open outcry and for submission for clearing via CME ClearPort, ~~t~~he price of an option shall be quoted in U.S. dollars per pound sterling. Each \$0.0001 per pound sterling (one point) shall represent \$6.25. For example, a quote of .0070 represents an option price of \$437.50 (70 points x \$6.25 per point) of premium. The minimum fluctuation shall be one point (also known as one tick).

In addition, for options expiring on their last trading day based on the 2:00 p.m. Fix that are quoted in volatility terms on CME Globex, the minimum fluctuation shall be 0.01 percent for the volatility quote. Also, following a volatility trade, when CME Globex converts the volatility-traded options position into a premium-based options position for clearing, the minimum price increment for the premium-based option position shall be \$0.00002 per British pound sterling (equal to \$1.25).

Chapter 252A: Options on Canadian Dollar/U.S. Dollar (CAD/USD) Futures

252A01.C. Price Increments

For options trading on CME Globex and via open outcry and for submission for clearing via CME ClearPort, ~~t~~he price of an option shall be quoted in U.S. dollars per Canadian dollar. Each \$0.0001 per Canadian dollar (one point) shall represent \$10.00. For example, a quote of .0075 represents an option price of \$750.00 (75 points x \$10.00 per point) of premium. The minimum fluctuation shall be one point (also known as one tick). A trade may also occur at a price of \$.00005 (\$5, also known as one-half tick), \$.00015 (\$15, also known as one and one-half ticks), \$.00025 (\$25, also known as two and one-half ticks), \$.00035 (\$35, also known as three and one-half ticks), and \$.00045 (\$45, also known as four and one-half ticks).

In addition, for options expiring on their last trading day based on the 2:00 p.m. Fix that are quoted in volatility terms, the minimum fluctuation shall be 0.01 percent for the volatility quote. Also, following a volatility trade, when CME Globex converts the volatility-traded options position into a premium-based options position for clearing, the minimum price increment for the premium-based option position shall be \$0.00001 per Canadian dollar (equal to \$1.00).

Chapter 253A: Options on Japanese Yen/U.S. Dollar (JPY/USD) Futures

253A01.C. Price Increments

For options trading on CME Globex and via open outcry and for submission for clearing via CME ClearPort, ~~t~~he price of an option shall be quoted in U.S. dollars per Japanese yen. Each \$0.000001 per Japanese yen (one point) shall represent \$12.50. For example, a quote of .000075 represents an option price of \$937.50 (75 points x \$12.50 per point) of premium. The minimum fluctuation shall be one point (also known as one tick). A trade may also occur at a price of \$.0000005 (\$6.25, also known as one-half tick), \$.0000015 (\$18.75, also known as one and one-half ticks), \$.0000025 (\$31.25, also known as two and one-half ticks), \$.0000035 (\$43.75, also known as three and one-half ticks), and \$.0000045 (\$56.25, also known as four and one-half ticks).

In addition, for options expiring on their last trading day based on the 2:00 p.m. Fix that are quoted in volatility terms, the minimum fluctuation shall be 0.01 percent for the volatility quote. Also, following a volatility trade, when CME Globex converts the volatility-traded options position into a premium-based

options position for clearing, the minimum price increment for the premium-based option position shall be \$0.0000001 per Japanese yen (equal to \$1.25).

Chapter 254A: Options on Swiss Franc/U.S. Dollar (CHF/USD) Futures

254A01.C. Price Increments

For options trading on CME Globex and via open outcry and for submission for clearing via CME ClearPort, the price of an option shall be quoted in U.S. dollars per Swiss franc. Each \$0.0001 per Swiss franc (one point) shall represent \$12.50. For example, a quote of .0075 represents an option price of \$937.50 (75 points x \$12.50 per point) of premium. The minimum fluctuation shall be one point (also known as one tick). A trade may also occur at a price of \$.00005 (\$6.25, also known as one-half tick), \$.00015 (\$18.75, also known as one and one-half ticks), \$.00025 (\$31.25, also known as two and one-half ticks), \$.00035 (\$43.75, also known as three and one-half ticks), and \$.00045 (\$56.25, also known as four and one-half ticks).

In addition, for options expiring on their last trading day based on the 2:00 p.m. Fix that are quoted in volatility terms, the minimum fluctuation shall be 0.01 percent for the volatility quote. Also, following a volatility trade, when CME Globex converts the volatility-traded options position into a premium-based options position for clearing, the minimum price increment for the premium-based option position shall be \$0.00001 per Swiss franc (equal to \$1.25).

Chapter 255A: Options on Australian Dollar/U.S. Dollar (AUD/USD) Futures

255A01.C. Price Increments

For options trading on CME Globex and via open outcry and for submission for clearing via CME ClearPort, the price of an option shall be quoted in U.S. dollars per Australian dollar. Each \$0.0001 per Australian dollar (one point) shall represent \$10.00. For example, a quote of .0075 represents an option price of \$750.00 (75 points x \$10.00 per point) of premium. The minimum fluctuation shall be one point (also known as one tick). A trade may also occur at a price of \$.00005 (\$5, also known as one-half tick), \$.00015 (\$15, also known as one and one-half ticks), \$.00025 (\$25, also known as two and one-half ticks), \$.00035 (\$35, also known as three and one-half ticks), and \$.00045 (\$45, also known as four and one-half ticks).

In addition, for options expiring on their last trading day based on the 2:00 p.m. Fix that are quoted in volatility terms, the minimum fluctuation shall be 0.01 percent for the volatility quote. Also, following a volatility trade, when CME Globex converts the volatility-traded options position into a premium-based options position for clearing, the minimum price increment for the premium-based option position shall be \$0.00001 per Australian dollar (equal to \$1.00).

Chapter 261A: Options on Euro/U.S. Dollar (EUR/USD) Futures

261A01.C. Price Increments

For options trading on CME Globex and via open outcry and for submission for clearing via CME ClearPort, the price of an option shall be quoted in U.S. dollars per Euro. Each \$0.0001 per Euro (one point) shall represent \$12.50. For example, a quote of .0075 represents an option price of \$937.50 (75 points x \$12.50 per point) of premium. The minimum fluctuation shall be one point (also known as one tick). A trade may also occur at a price of \$.00005 (\$6.25, also known as one-half tick), \$.00015 (\$18.75, also known as one and one-half ticks), \$.00025 (\$31.25, also known as two and one-half ticks), \$.00035 (\$43.75, also known as three and one-half ticks), and \$.00045 (\$56.25, also known as four and one-half ticks).

In addition, for options expiring on their last trading day based on the 2:00 p.m. Fix that are quoted in volatility terms, the minimum fluctuation shall be 0.01 percent for the volatility quote. Also, following a volatility trade, when CME Globex converts the volatility-traded options position into a premium-based options position for clearing, the minimum price increment for the premium-based option position shall be \$0.00001 per Euro (equal to \$1.25).