Special Executive Report

DATE: **April 18, 2017**

SER #: **7899**

SUBJECT: **Expansion of Strike Price Range for Options on Soybean Meal and Livestock Futures Contracts**

Effective Sunday, May 14, 2017 for trade date Monday, May 15, 2017, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange, Inc. ("CME") and The Board of Trade of the City of Chicago, Inc. ("CBOT") will expand the strike price ranges for the options on the Soybean Meal and Livestock futures contracts (the "Contracts") listed in the table below.

Contract Title	Current Strike Price Listing	Expanded Strike Price Listing Effective May 15, 2017	Rulebook Chapter	Clearing Code	CME Globex Code	Group Code	PRS Code
Soybean Meal Option	$5 strike listed for the first listed month.	$5 strike range to the nearest three (3) Standard months and any Serial month(s).	CBOT 13A	06	OZM	ML	MY
Lean Hogs Option	$0.01 strike listed for the nearest two (2) months.	$0.01 strike range to the nearest three (3) months.	CME 152A	LN	HE	0H	NH
Live Cattle Option	$0.01 strike listed for the nearest two (2) Standard months and one (1) Serial month.	$0.01 strike range to the nearest three (3) Standard months and one (1) Serial month.	CME 101A	48/LC	LE	L0	OK
Feeder Cattle Option	$0.01 strike listed for the nearest two (2) months.	$0.01 strike range to the nearest three (3) months.	CME 102A	62/FC	GF	F0	ZF
Feeder Cattle Option	$0.005 strike listed on the first business day of the expiring contract month.	$0.005 strike range from listing on the first business day of the expiring contract month to listing when the contract becomes the nearest month to expiration.	CME 102A	62/FC	GF	F0	ZF

The proposed rulebook changes are attached in Appendix A below.

Please refer questions on this subject to:

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Appendix A
CBOT/CME Rulebook Chapters

(additions underlined; deletions ~~overstruck~~)

CBOT Chapter 13A
Options on Soybean Meal Futures

13A01. E. Exercise Prices

Trading shall be conducted for standard and serial put and call options with striking prices (the "strikes") in integral multiples of five (5) dollars per ton per Soybean Meal futures contract for all strikes less than two hundred dollars and in integral multiples of ten (10) dollars per ton per Soybean Meal futures contract for all strikes greater than or equal to two hundred dollars as follows:
1. a. At the commencement of trading for each option contract, the Exchange shall list a strike closest to the previous day's settlement price of the underlying Soybean Meal futures contract (the at-the-money strike), and strikes in a range of 50 percent above and below the at-the-money strike. If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two.
b. Over time, strikes shall be added as necessary to ensure that all strikes within 50 percent of the previous day's settlement price in the underlying futures are listed.
2. a. For standard ~~and serial~~ option months the business day they become the ~~first~~ third listed standard month, at the commencement of trading for serial options, at the commencement of trading for short-dated options on new crop futures, and at the commencement of trading for weekly options, the Exchange shall list a strike closest to the previous day's settlement price of the underlying Soybean Meal futures contract (the at-the-money strike), and strikes in integral multiples of five dollars in a range of 50 percent above and below the at-the-money strike. If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two.
b. Over time, new 5 dollar strike prices shall be added to ensure that all strikes within 50 percent of the previous day's settlement price in the underlying futures are listed.
3. All strikes will be listed prior to the opening of trading on the following business day. Upon demand and at the discretion of the Exchange, new out-of-current-range strike prices at regularly defined intervals may be added for trading on as soon as possible basis. The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. As new strikes are added, existing strikes outside the newly determined strike ranges without open interest may be de-listed.

CME Chapter 152A
Options on Lean Hog Futures

152A01. E. Exercise Prices

The exercise prices shall be stated in terms of cents per pound. For all contract months, exercise prices shall be at intervals of 2¢; e.g., 60¢, 62¢, 64¢, etc. In addition, for the first ~~two~~ three contract months, some exercise prices shall also be at intervals of 1¢; e.g., 60¢, 61¢, 62¢, etc., as is described below.
At the commencement of option trading in a contract month, the Exchange shall list put and call options in a range within 50 percent above and below the strike closest to the previous day's settlement price of the underlying futures contract (the

at-the-money strike). If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two.
When a contract becomes the ~~second~~ third nearest contract month, the Exchange shall add exercise prices at 1¢ intervals at a range within 25 percent above and below the strike closest to the previous day's settlement price of the underlying futures contract (the at-the-money strike). If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two.
All strikes will be listed prior to the opening of trading on the following business day. As new strikes are added, existing strikes outside of the newly determined strike ranges without open interest may be de-listed.
New strikes may be listed for trading up to and including the termination of trading.
The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

CME Chapter 101A
Options on Live Cattle Futures

101A01. E. Exercise Prices

1. Options in the February Bi-Monthly Cycle
The exercise prices shall be stated in terms of cents per pound. For all contract months, exercise prices shall be at intervals of 2¢; e.g., 60¢, 62¢, 64¢, etc. In addition, for the first ~~two~~ three contract months, some exercise prices shall also be at intervals of 1¢; e.g., 60¢, 61¢, 62¢, etc., as is described below.
At the commencement of option trading in a contract month, the Exchange shall list put and call options at intervals of 2¢ in a range within 50 percent above and below the strike closest to the previous day's settlement price of the underlying futures contract (the at-the-money strike). If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two.
When a contract becomes the ~~second~~ third nearest contract month in the February bi-monthly cycle, the Exchange shall add exercise prices at 1¢ intervals at a range within 25 percent above and below the strike closest to the previous day's settlement price of the underlying futures contract (the at-the-money strike). If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two.
All strikes will be listed prior to the opening of trading on the following business day. As new strikes are added, existing strikes outside of the newly determined strike ranges without open interest may be de-listed.
New strikes may be listed for trading up to and including the termination of trading.
The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.
2. Options in the January Bi-Monthly Cycle
Upon demand evidenced in the respective options pit, the Exchange shall list put and call options at any exercise price listed for trading in the next February bi-monthly cycle futures options that is nearest the expiration of the option. New options may be listed for trading up to and including the termination of trading. The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.
New options may be listed for trading up to and including the termination of trading. The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate. The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

CME Chapter 102A
Options on Feeder Cattle Futures

102A01. E. Exercise Prices

The exercise prices shall be stated in terms of cents per pound. For all contract months, exercise prices shall be at intervals of 2¢; e.g., 60¢, 62¢, 64¢, etc. In addition, for the first ~~two~~ three contract months, some exercise prices shall be at intervals of 1¢; e.g., 61¢, 62¢, 63¢, etc., as described below. For the expiring contract month, some exercise prices shall also be at intervals of .50¢; e.g., 60.50¢, 61.50¢, 62.50¢, etc., as described below.
At the commencement of option trading in a contract month, the Exchange shall list put and call options at 2¢ intervals in a range within 50 percent above and below the strike closest to the previous day's settlement price of the underlying futures contract (the at-the-money strike). If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two.
When a contract month becomes the ~~second~~ third nearest contract month, the Exchange shall add exercise prices at 1¢ intervals at a range within 25 percent above and below the strike closest to the previous day's settlement price of the

underlying futures contract (the at-the-money strike). If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two.

When a contract month becomes the nearest month to expiration, ~~On the first Business Day of the expiring contract month,~~ the Exchange shall add exercise prices for the expiring contract at .50¢ intervals at a range within 5 percent above and below the strike closest to the previous day's settlement price (the at-the-money strike). If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two.

All strikes will be listed prior to the opening of trading on the following business day. As new strikes are added, existing strikes outside of the newly determined strike ranges without open interest may be de-listed.

New strikes may be listed for trading up to and including the termination of trading.

The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate. The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.