CME Group

Special Executive Report

S-8307 **January 3, 2019**

Amendments to Strike Price Listing Schedules for Weekly Friday and Weekly Wednesday Options on Certain Treasury Interest Rate Futures Contracts

Effective Sunday, January 13, 2019, for trade date Monday, January 14, 2019 The Board of Trade of the City of Chicago, Inc. ("CBOT") will amend the strike price listing schedules of Weekly (Friday) and Wednesday Weekly Options on Long-Term ("Ultra") U.S. Treasury Bond Futures ("UBO"), U.S. Treasury Bond Futures ("ZBO"), 10-Year U.S. Treasury Note Futures ("TNO"), Long-Term U.S. Treasury Note Futures ("ZNO"), Medium-Term U.S. Treasury Note Futures ("ZFO"), and Short-Term U.S. Treasury Note Futures ("ZTO") (collectively, "Option Contracts") as described below. All other standard Serial and Quarterly options on the Option Contracts shall remain unchanged.

Treasury Interest Rate Option Contracts

Underlying U.S. Treasury Future Product	*Common Name*	*Option Product*	*Commodity Code*	*Original Exercise Price Range (# of futures price points above/below ATM)*	*New Exercise Price Range (# of futures price points above/below ATM)*
Long-Term U.S. Treasury Bond	Ultra Bond	Wednesday Weekly	WU1-5	30	20
Long-Term U.S. Treasury Bond	Ultra Bond	Weekly (Friday)	UB1-5	30	20
U.S. Treasury Bond	US Bond	Wednesday Weekly	WB1-5	30	20
U.S. Treasury Bond	US Bond	Weekly (Friday)	ZB1-5	30	20
10-Year U.S. Treasury Note	Ultra 10	Wednesday Weekly	WX1-5	25	15
10-Year U.S. Treasury Note	Ultra 10	Weekly (Friday)	TN1-5	25	15
Long-Term U.S. Treasury Note	10 Year Note	Wednesday Weekly	WY1-5	25	12-1/2
Long-Term U.S. Treasury Note	10 Year Note	Weekly (Friday)	ZN1-5	25	12-1/2
Medium-Term U.S. Treasury Note	Five Year Note	Wednesday Weekly	WF1-5	7-1/2	6
Medium-Term U.S. Treasury Note	Five Year Note	Weekly (Friday)	ZF1-5	7-1/2	6
Short-Term U.S. Treasury Note	Two Year Note	Wednesday Weekly	WT1-5	3-3/4	2-1/2
Short-Term U.S. Treasury Note	Two Year Note	Weekly (Friday)	ZT1-5	3-3/4	2-1/2

The Commodity Futures Trading Commission ("CFTC") will be notified of the aforementioned during the week of January 21, 2019, via the weekly notification procedures set forth in Part 40 of the CFTC Regulations.

For each relevant option product, amendments are shown in blackline format in appendices as follows:

Appendix A for UBO CBOT Rulebook Chapter 40A
Appendix B for ZBO CBOT Rulebook Chapter 18A
Appendix C for TNO CBOT Rulebook Chapter 26A
Appendix D for ZNO CBOT Rulebook Chapter 19A
Appendix E for ZFO CBOT Rulebook Chapter 20A
Appendix F for ZTO CBOT Rulebook Chapter 21A

Please refer questions regarding Treasury options to:

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<u>Appendix A</u>

Amendments to CBOT Chapter 40A
Standard Options on Long-Term U.S. Treasury Bond Futures

Additions are <u>underlined</u>. Deletions are [~~bracketed and struck through~~].

40A01. OPTIONS CHARACTERISTICS

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40A01.E. Exercise Prices

1. One (1) Point Exercise Prices

Option exercise prices shall be in terms of Long-Term U.S. Treasury Bond futures price points (Rule 40102.C.) and shall be in integer multiples of one (1) point (Rule 40A01.C.). At the commencement of trading in option contracts for a given expiration date, the Exchange shall list put and call options at the exercise price that is nearest the previous day's settlement price of the respective Underlying Futures Contract ("at-the-money price" or "ATM price"). If the previous day's Underlying Futures Contract settlement price is midway between two eligible option exercise price levels, then the ATM price shall be set as the higher of the two eligible exercise price levels.

The Exchange also shall list **<u>Quarterly put and call options and Serial put and call options</u>** for trading [~~put and call options~~] at all eligible exercise price levels in a range of 30 points above and 30 points below (i.e., 30 exercise price levels above and 30 exercise price levels below) the ATM exercise price**<u>, and shall list Weekly put and call options and Wednesday Weekly put and call options for trading at all eligible exercise price levels in a range of 20 points above and 20 points below (i.e., 20 exercise price levels above and 20 exercise price levels below) the ATM exercise price</u>**.

Thereafter, the Exchange shall add new put and call options to ensure that such **<u>Quarterly and Serial</u>** options are listed for trading at all eligible exercise prices in a range of at least 30 points above and at least 30 points below**<u>, and that such Weekly and Wednesday Weekly options are listed for trading at all eligible exercise prices in a range of at least 20 points above and at least 20 points below,</u>** [~~(i.e., 30 exercise price levels above and 30 exercise price levels below)~~] the ATM exercise price level that is set with reference to the most recent Underlying Futures Contract settlement price.

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<u>Appendix B</u>

Amendments to CBOT Chapter 18A
Standard Options on U.S. Treasury Bond Futures

Additions are <u>underlined</u>. Deletions are [~~bracketed and struck through~~].

18A01. OPTIONS CHARACTERISTICS

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18A01.E. Exercise Prices

1. One (1) Point Exercise Prices

Option exercise prices shall be in terms of U.S. Treasury Bond futures price points (Rule 18102.C.) and shall be in integer multiples of one (1) point (Rule 18A01.C.). At the commencement of trading in option contracts for a given expiration date, the Exchange shall list put and call options at the exercise price that is nearest the previous day's settlement price of the respective Underlying Futures Contract ("at-the-money price" or "ATM price"). If the previous day's Underlying Futures Contract settlement price is midway between two eligible option exercise price levels, then the ATM price shall be set as the higher of the two eligible exercise price levels.

The Exchange also shall list **Quarterly put and call options and Serial put and call options** for trading [~~put and call options~~] at all eligible exercise price levels in a range of 30 points above and 30 points below (i.e., 30 exercise price levels above and 30 exercise price levels below) the ATM exercise price**, and shall list Weekly put and call options and Wednesday Weekly put and call options for trading at all eligible exercise price levels in a range of 20 points above and 20 points below (i.e., 20 exercise price levels above and 20 exercise price levels below) the ATM exercise price**.

Thereafter, the Exchange shall add new put and call options to ensure that such **Quarterly and Serial** options are listed for trading at all eligible exercise prices in a range of at least 30 points above and at least 30 points below**, and that such Weekly and Wednesday Weekly options are listed for trading at all eligible exercise prices in a range of at least 20 points above and at least 20 points below,** [~~(i.e., 30 exercise price levels above and 30 exercise price levels below)~~] the ATM exercise price level that is set with reference to the most recent Underlying Futures Contract settlement price. New options may be listed for trading up to and including the termination of trading in such options. Upon demand and at the discretion of the Exchange, a new option contract with an out-of-current-range exercise price may be added, on an as-soon-as-possible basis, provided that the exercise price of such newly added option contract must be an integer multiple of one (1) price point (Rule 18A01.C.).
The Exchange may modify the procedure for the introduction of exercise prices as it deems appropriate.

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Appendix C

Amendments to CBOT Chapter 26A
Standard Options on 10-Year U.S. Treasury Note Futures

Additions are underlined. Deletions are [~~bracketed and struck through~~].

26A01. OPTIONS CHARACTERISTICS

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26A01.E. Exercise Prices

1. One Half (1/2) of One (1) Point Exercise Prices

Option exercise prices shall be in terms of U.S. Treasury Note futures price points (Rule 26102.C.) and shall be in integer multiples of one half (1/2) of one (1) point (Rule 26A01.C.). At the commencement of trading in option contracts for a given expiration date, the Exchange shall list put and call options at the exercise price that is nearest the previous day's settlement price of the respective Underlying Futures Contract ("at-the-money price" or "ATM price"). If the previous day's Underlying Futures Contract settlement price is midway between two eligible option exercise price levels, then the ATM price shall be set as the higher of the two eligible exercise price levels.

The Exchange also shall list **Quarterly put and call options and Serial put and call options** for trading [~~put and call options~~] at all eligible exercise price levels in a range of 25 points above and 25 points below (i.e., 50 exercise price levels above and 50 exercise price levels below) the ATM exercise price**, and shall list Weekly put and call options and Wednesday Weekly put and call options for trading at all eligible exercise price levels in a range of 15 points above and 15 points below (i.e., 30 exercise price levels above and 30 exercise price levels below) the ATM exercise price**.

Thereafter, the Exchange shall add new put and call options to ensure that such **Quarterly and Serial** options are listed for trading at all eligible exercise prices in a range of at least 25 points above and at least 25 points below**, and that such Weekly and Wednesday Weekly options are listed for trading at all eligible exercise prices in a range of at least 15 points above and at least 15 points below,**

[~~(i.e., 30 exercise price levels above and 30 exercise price levels below)~~] the ATM exercise price level that is set with reference to the most recent Underlying Futures Contract settlement price.

New options may be listed for trading up to and including the termination of trading in such options. Upon demand and at the discretion of the Exchange, a new option contract with an out-of-current-range exercise price may be added, on an as-soon-as-possible basis, provided that the exercise price of such newly added option contract must be an integer multiple of one half (1/2) of one (1) price point (Rule 26A01.C.). The Exchange may modify the procedure for the introduction of exercise prices as it deems appropriate.

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Appendix D

Amendments to CBOT Chapter 19A
Standard Options on Long-Term U.S. Treasury Note Futures

Additions are underlined. Deletions are [~~bracketed and struck through~~].

19A01. OPTIONS CHARACTERISTICS

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19A01.E. Exercise Prices

1. One Half (1/2) of One (1) Point Exercise Prices

Option exercise prices shall be in terms of Long-Term U.S. Treasury Note futures price points (Rule 19102.C.) and shall be in integer multiples of one half (1/2) of one (1) point (Rule 19A01.C.). At the commencement of trading in option contracts for a given expiration date, the Exchange shall list put and call options at the exercise price that is nearest the previous day's settlement price of the respective Underlying Futures Contract (“at-the-money price” or “ATM price”). If the previous day’s Underlying Futures Contract settlement price is midway between two eligible option exercise price levels, then the ATM price shall be set as the higher of the two eligible exercise price levels.

The Exchange also shall list **Quarterly put and call options and Serial put and call options** for trading [~~put and call options~~] at all eligible exercise price levels in a range of 25 points above and 25 points below (i.e., 50 exercise price levels above and 50 exercise price levels below) the ATM exercise price**, and shall list Weekly put and call options and Wednesday Weekly put and call options for trading at all eligible exercise price levels in a range of 12 1/2 points above and 12 1/2 points below (i.e., 25 exercise price levels above and 25 exercise price levels below) the ATM exercise price**.

Thereafter, the Exchange shall add new put and call options to ensure that such **Quarterly and Serial** options are listed for trading at all eligible exercise prices in a range of at least 25 points above and at least 25 points below**, and that such Weekly and Wednesday Weekly options are listed for trading at all eligible exercise prices in a range of at least 12 1/2 points above and at least 12 1/2 points below,** [~~(i.e., 50 exercise price levels above and 50 exercise price levels below)~~] the ATM exercise price level that is set with reference to the most recent Underlying Futures Contract settlement price.

New options may be listed for trading up to and including the termination of trading in such options. Upon demand and at the discretion of the Exchange, a new option contract with an out-of-current-range exercise price may be added, on an as-soon-as-possible basis, provided that the exercise price of such newly added option contract must be an integer multiple of one half (1/2) of one (1) price point (Rule 19A01.C.). The Exchange may modify the procedure for the introduction of exercise prices as it deems appropriate.

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Appendix E

Amendments to CBOT Chapter 20A
Standard Options on Medium-Term U.S. Treasury Note Futures

Additions are underlined. Deletions are [~~bracketed and struck through~~].

20A01. OPTIONS CHARACTERISTICS

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20A01.E. Exercise Prices

Option exercise prices shall be in terms of Medium-Term U.S. Treasury Note futures price points (Rule 20102.C.) and shall be in integer multiples of one quarter (1/4) of one (1) point (Rule 20A01.C.). At the commencement of trading in option contracts for a given expiration date, the Exchange shall list put and call options at the exercise price that is nearest the previous day's settlement price of the respective Underlying Futures Contract ("at-the-money price" or "ATM price"). If the previous day's Underlying Futures Contract settlement price is midway between two eligible option exercise price levels, then the ATM price shall be set as the higher of the two eligible exercise price levels.

The Exchange also shall list **Quarterly put and call options and Serial put and call options** for trading [~~put and call options~~] at all eligible exercise price levels in a range of 7 ½ points above and 7 ½ points below (i.e., 30 exercise price levels above and 30 exercise price levels below) the ATM exercise price**, and shall list Weekly put and call options and Wednesday Weekly put and call options for trading at all eligible exercise price levels in a range of 6 points above and 6 points below (i.e., 24 exercise price levels above and 24 exercise price levels below) the ATM exercise price**.

Thereafter, the Exchange shall add new put and call options to ensure that such **Quarterly and Serial** options are listed for trading at all eligible exercise prices in a range of at least 7 ½ points above and at least 7 ½ points below**, and that such Weekly and Wednesday Weekly options are listed for trading at all eligible exercise prices in a range of at least 6 points above and at least 6 points below,** [~~(i.e., 30 exercise price levels above and 30 exercise price levels below)~~] the ATM exercise price level that is set with reference to the most recent Underlying Futures Contract settlement price.

New options may be listed for trading up to and including the termination of trading in such options. Upon demand and at the discretion of the Exchange, a new option contract with an out-of-current-range exercise price may be added, on an as-soon-as-possible basis, provided that the exercise price of such newly added option contract must be an integer multiple of one quarter (1/4) of one (1) price point (Rule 20A01.C.). The Exchange may modify the procedure for the introduction of exercise prices as it deems appropriate.

Appendix F

Amendments to CBOT Chapter 21A
Standard Options on Short-Term U.S. Treasury Note Futures

Additions are underlined. Deletions are [~~bracketed and struck through~~].

21A01. OPTIONS CHARACTERISTICS

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21A01.E. Exercise Prices

Option exercise prices shall be in terms of Short-Term U.S. Treasury Note futures price points (Rule 21102.C.) and shall be in integer multiples of one eighth (1/8) of one (1) point(Rule 21A01.C.). At the commencement of trading in option contracts for a given expiration date, the Exchange shall list put and call options at the exercise price that is nearest the previous day's settlement price of the respective Underlying Futures Contract ("at-the-money price" or "ATM price"). If the previous day's Underlying Futures Contract settlement price is midway between two eligible option exercise price levels, then the ATM price shall be set as the higher of the two eligible exercise price levels.

The Exchange also shall list **Quarterly put and call options and Serial put and call options** for trading [~~put and call options~~] at all eligible exercise price levels in a range of 3 ¾ points above and 3 ¾ points below (i.e., 30 exercise price levels above and 30 exercise price levels below) the ATM exercise price**, and shall list Weekly put and call options and Wednesday Weekly put and call options for trading at all eligible exercise price levels in a range of 2 ½ points above and 2 ½ points below (i.e., 20 exercise price levels above and 20 exercise price levels below) the ATM exercise price**.

Thereafter, the Exchange shall add new put and call options to ensure that such **Quarterly and Serial** options are listed for trading at all eligible exercise prices in a range of at least 3 ¾ points above and at least 3 ¾ points below**, and that such Weekly and Wednesday Weekly options are listed for trading at all eligible exercise prices in a range of at least 2 ½ points above and at least 2 ½ points below,** [~~(i.e., 30 exercise price levels above and 30 exercise price levels below)~~] the ATM exercise price level that is set with reference to the most recent Underlying Futures Contract settlement price.

New options may be listed for trading up to and including the termination of trading in such options. Upon demand and at the discretion of the Exchange, a new option contract with an out-of-current-range exercise price may be added, on an as-soon-as-possible basis, provided that the exercise price of such newly added option contract must be an integer multiple of one eighth (1/8) of one (1) price point (Rule 21A01.C.). The Exchange may modify the procedure for the introduction of exercise prices as it deems appropriate.