

Chapter 29B

Options on Bloomberg Commodity Index^{SM 1} Futures

29B00. SCOPE OF CHAPTER

This chapter is limited in application to options on Bloomberg Commodity IndexSM futures. In addition to this chapter, options on futures shall be subject to the general rules and regulations of the Exchange as applicable.

Unless otherwise specified, times referenced herein shall refer to and indicate Chicago time.

29B01. OPTIONS CHARACTERISTICS

29B01.A. Contract Months, Trading Hours, and Trading Halts

The number of contracts open for trading at a given time, and the hours of trading for options contracts shall be determined by the Exchange.

Options shall be listed for expiration on such dates and shall be scheduled for trading during such hours as may be determined by the Exchange.

29B01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Bloomberg Commodity IndexSM futures contract (Chapter 29).

29B01.C. Minimum Fluctuations

Option prices shall be quoted in Index points. Each Index point shall represent \$100.00 per option contract.

The minimum price fluctuation shall be 0.10 Index points (equal to \$10.00 per option contract) for trades executed on CME Globex trading platform, *provided that* trade may occur at a price of 0.05 Index points (equal to \$5.00 per option contract), irrespective of whether such trade results in the liquidation of positions for both parties to such trade.

For transactions submitted for clearing via CME ClearPort, the minimum price fluctuation shall be 0.01 Index points (equal to \$1.00 per contract), regardless of the price level.

29B01.D. Underlying Futures Contract

For any European style Quarterly option, the Underlying Future Contract Shall be the Bloomberg Commodity IndexSM Futures for delivery in the same month as such option's named month of expiration.

29B01.E. Exercise Prices

Transactions and exercise of options shall be conducted for options contracts as set forth in the [Strike Price Listing and Exercise Procedures Table](#).

The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

29B01.F. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

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29B01.G. Nature of Options

Upon exercise of a put option by the buyer of such option, the seller of such option shall incur the obligation to assume a long position in one Underlying Futures Contract (Rule 29B01.D.) at such option's exercise price (Rule 29B01.E.). Upon exercise of a call option by the buyer of such option, the seller of such option shall incur the obligation to assume a short position in one Underlying Futures Contract at such option's exercise price.

The buyer of a European-style Quarterly option (Rule 29B01.D.) may exercise such option only at its expiration.

29B01.H. [Reserved]

29B01.I. Termination of Trading

Trading in any Quarterly option shall terminate on the same date and at the same time as the termination of trading in such option's Underlying Futures Contract (Rule 29B01.D.).

If the market in the Underlying Futures Contract for such option does not open on the day scheduled for termination of option trading, trading in such option shall terminate on the next day on which the market in such Underlying Futures Contract is open for trading.

29B01.J. [Reserved]

29B02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of options.

29B02.A. Exercise

Any European Style Quarterly option (Rule 29B01.D.) may be exercised only at, and not before, expiration of such option.

Following termination of trading in expiring options, any such option that is in the money shall be automatically exercised by the Clearing House, and any such option that is out of the money shall be abandoned by the Clearing House. For the avoidance of doubt, no such option that expires in the money may be abandoned, and no such option that expires out of the money may be exercised.

Whether an option expires in the money or out of the money shall be determined by the Exchange, in its sole discretion, by reference to the Final Settlement Price of such option's Underlying Futures Contract (Rule 29B01.D.). An expiring call option shall be in the money if the corresponding futures Final Settlement Price is at or above such option's exercise price, and shall be out of the money if the corresponding futures Final Settlement Price is strictly below such option's exercise price.

A call option shall be in the money if the settlement price of such option's Underlying Futures Contract (Rule 29B01.D.) on the last day of trading in such option (Rule 29B01.I.) is strictly above such option's exercise price, and shall be out of the money if such settlement price is at or below such option's exercise price.

A put option shall be in the money if the settlement price of such option's Underlying Futures Contract on the last day of trading in such option is strictly below such option's exercise price, and shall be out of the money if such settlement price is at or above such option's exercise price.

29B02.B. Assignment

For a given option contract, an exercise notice accepted by the Clearing House in accordance with Rule 29B02.A. shall be assigned by the Clearing House through a process of random selection to clearing members carrying open short positions in such option contract. A clearing member to whom such exercise notice has been assigned shall be notified thereof as soon as practicable following such assignment.

The clearing member to whom such exercise notice has been assigned shall be assigned a short position in such option's Underlying Futures Contract (Rule 29B01.D.) if such option is a call, or a long position in such option's Underlying Futures Contract if such option is a put. The clearing member representing the option buyer making exercise shall be assigned a long position in such option's Underlying Futures Contract if such option is a call, or a short position in such option's Underlying Futures Contract if such option is a put.

All such futures positions shall be assigned at a price equal to the exercise price of such option contract,

and shall be marked to market (in accordance with Rule 814) on the Business Day on which the Clearing House accepts such exercise notice.

29B03. [RESERVED]