

Chapter 419A

Options on CME Metro Area Housing Index Futures

419A00. SCOPE OF CHAPTER

This chapter is limited in application to options on CME Metro Area Housing Index futures contracts ("options on CME® Metro Area Housing Index futures"). In addition to this chapter, options on CME Metro Area Housing Index futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

419A01. OPTIONS CHARACTERISTICS

419A01.A. Trading Schedule

Options contracts shall be listed for such contract months and scheduled for trading during such hours, except as indicated below, as may be determined by the Exchange.

419A01.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 CME Metro Area Housing Index futures contract as specified in Chapter 419.

419A01.C. Price Increments

The price of an option shall be quoted in index points. The minimum fluctuation shall be 0.10 index points, equivalent to \$25.00 per contract.

419A01.D. Underlying Futures Contract

The underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in August 2006 is the August 2006 futures contract.

419A01.E. Exercise Prices

The exercise prices shall be stated in terms of the respective CME Metro Area Housing Index futures contract which is deliverable upon exercise of the option.

At the commencement of option trading in a contract month, 10 eligible puts and call options at 5.00 index point intervals at a range of 50 index points above and 50 index points below the previous day's settlement price of the nearest futures contract will be listed. Thereafter, 10 eligible puts and calls at 5.00 index point intervals at a range of 50 index points above and 50 index points below the previous day's settlement price of the underlying futures contract will be listed. Strikes at 1.00 index point intervals within the above range will be listed upon demand evidenced in the options pit.

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.

419A01.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.

419A01.G. [Reserved]

419A01.H. [Reserved]

419A01.I. Termination of Trading

Options trading shall terminate at the same date and time as the underlying futures contract.

419A01.J. [Reserved]**419A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of options on CME Metro Area Housing futures.

419A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer only on the termination of Trading Day. Exercise of an option is accomplished by the clearing member representing the buyer presenting an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the Business Day following the termination of trading by the clearing member representing the option buyer, be exercised automatically.

In-the-money options that expire in months other than those in the February quarterly cycle (February, May, August and November) and have not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of the expiration by the clearing member representing the option buyer, be exercised automatically.

Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

419A02.B. Assignment

Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following Business Day.

The clearing member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call was exercised or a long position if a put was exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call was exercised and a short position if a put was exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the Trading Day of acceptance by the Clearing House of the exercise notice.

419A03. [RESERVED]

(End Chapter 419A)

**INTERPRETATIONS & SPECIAL NOTICES
RELATING TO CHAPTER 419A**

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