



## Special Executive Report

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S-5978

October 21, 2011

### **CME Group Announces the Expansion of the Strike Price Interval for Weekly Options on E-mini S&P 500 Stock Price Index Futures and Weekly Options on S&P 500 Stock Price Index Futures, effective for Trade Date November 7, 2011**

CME rules that pertain to the expansion of the listing interval for Weekly Options on S&P 500 Stock Price Index Futures and Weekly Options on E-mini S&P 500 Stock Price Index futures will be amended, effective for trade date November 7, 2011.

The listing interval for these Weekly Options will be expanded to 50 strikes above and below the previous day's settlement price of the March quarterly options on the same underlying futures contract that are integers divisible by 5 without remainder, from 30 strikes above and below the previous day's settlement price of the March quarterly options on the same underlying futures contract that are integers divisible by 5 without remainder.

CME will notify the CFTC of the aforementioned rulebook changes to the Strike Price listing interval for Weekly Options on E-mini S&P 500 Stock Price Index Futures and Weekly Options on S&P 500 Stock Price Index Futures via the weekly CME CFTC notification letter.

A marked version of the Weekly Options on E-mini S&P 500 Stock Price Index futures and Weekly Options on S&P 500 Stock Price Index futures rule amendments, with additions underscored and deletions bracketed and lined out, are included in Appendix 1. A clean copy of the rule amendments is included in Appendix 2.

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## APPENDIX 1: PROPOSED RULES

**(Deletions are bracketed and over-struck, Additions are underscored)**

### 351A01.E. Exercise Prices

#### 1. Options in the March Quarterly Cycle

The exercise prices shall be stated in terms of the Standard and Poor's 500 Stock Price Index futures contract.

A referencing index shall be determined each quarter on the day prior to the expiration of the March Quarterly futures contract and shall equal the daily settlement price of the nearest expiring Standard and Poor's 500 Stock Price Index futures contract. The chosen referencing index will then be used to determine the strike listing range for all listed contract months. The index points are rounded down to the nearest integer.

At the commencement of trading for each contract month, the Exchange shall list all exercise prices in a range of 50 percent of the referencing index above and below the previous day's settlement price of the underlying futures contract that are integers divisible by 25 without remainder, e.g. 1200, 1225, 1250, etc.

Exercise prices that are integers divisible by 10 without remainder shall be added, if they have not already been listed, within a range of 20 percent of the referencing index above and below the previous day's settlement price of the underlying futures contract.

When a contract month becomes the second-nearest contract month in the March quarterly cycle, the Exchange shall add exercise prices at an interval that is an integer divisible by 5 without remainder in a range of 10 percent of the referencing index above and below the previous day's settlement price of the underlying futures contract.

Thereafter, when a settlement price in the underlying futures contract occurs at, or passes through, any exercise price, the Exchange shall add on the next trading day, all eligible exercise prices in the corresponding ranges. New options may be listed for trading up to and including the termination of trading.

#### 2. Options Not in the March Quarterly Cycle

Exercise prices for options not in the March quarterly cycle listed for trading shall be identical to the exercise prices that are listed for the March quarterly options on the same underlying futures contract. For example, the exercise prices listed for the January contract shall be identical to those listed for the March contract.

#### 3. Options in the European Style "End-of-Month" Options Series

Exercise prices for options in the European style "End-of-Month" Options Series listed for trading shall be identical to the exercise prices that are listed for the March quarterly options on the same underlying futures contract. For example, the exercise prices listed for the January European style "End-of-Month" option series shall be identical to those listed for the March Quarterly options series.

Exchange Staff, under delegated authority from the Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

#### 4. Dynamically-Listed Exercise Prices

Upon demand and at the discretion of the Exchange, new out-of-current-range exercise prices at regularly defined intervals may be added for trading on as soon as possible basis.

#### 5. Options in the European Style Weekly Options Series

At the commencement of trading, the Exchange shall list all exercise prices within 50 [~~30~~] strikes above and below the previous day's settlement price of the March quarterly options on the same underlying futures contract that are integers divisible by 5 without remainder, e.g. 1200, 1205, 1210, etc.

Exchange Staff, under delegated authority from the Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

**358A01.E. Exercise Prices****1. Options in the March Quarterly Cycle**

The exercise prices shall be stated in terms of the E-Mini Standard and Poor's 500 Stock Price Index futures contract.

At the commencement of trading, the Exchange shall list all exercise prices in a range of 50 percent of the referencing index above and below the previous day's settlement price of the underlying futures contract that are integers divisible by 25 without remainder, e.g. 1200, 1225, 1250, etc.

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Thereafter, when a daily settlement price in the underlying futures contract occurs at, or passes through, any exercise price, the Exchange shall list, on the next trading day, all eligible exercise prices in the corresponding ranges.

Exchange Staff, under delegated authority from the Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

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### (CLEAN COPY)

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