



Special Executive Report

S-5779

July 11, 2011

NEW LISTING CYCLE FOR CBOT WHEAT OPTIONS

Beginning on Monday, July 25, 2011, CME Group will change the listing cycle for CBOT Wheat options to always include the first three contract expirations. The current listing cycle always includes only the first two contract expirations. This change is being implemented to facilitate the calculation of a volatility index for Wheat.

CME Group currently publishes the CBOE/CBOT Corn Volatility Index and the CBOE/CBOT Soybean Volatility Index on its website and disseminates the data through its Market Data Platform and data vendors. To provide market participants more complete coverage of volatility in CBOT's major grain products, CME Group plans to calculate and publish/disseminate the CBOE/CBOT Wheat Volatility Index.

These volatility Indexes are based on the same methodology developed by the Chicago Board Options Exchange (CBOE) for the CBOE Volatility Index®, or VIX®. They are the first dedicated measures of volatility available for agricultural commodities. The volatility indexes isolate implied volatility components and provide market participants a direct way to track volatility in the underlying assets.

To calculate the wheat volatility index (VIX), one pre-condition is the expansion of the listing cycle for wheat serial options. VIX methodology uses the bids and offers in the first two expirations of the options market. The current Wheat options listing cycle always lists the first two expiration months – either a standard option month and a serial option month or two serial option months. However, VIX methodology rolls from the first and second option expirations to the second and third option expirations one week before the first option expires. The current option listing cycle does not always provide the third option expiration to allow the VIX to be calculated during this roll period. Thus, CME Group is modifying the Wheat serial option listing cycle to assure three consecutive option expirations are always listed in reduced strike price intervals. For example, under the current cycle, August 2011 serial options were listed on 05/23/11, the business day after the June 2011 option expired on 05/20/11. Under the new cycle, the August serial options would have been listed about one month earlier on 04/25/11, the business day after the May 2011 option expired on 04/22/11.

The attached tables illustrate the current and new listing cycle for Wheat options. The recommended rulebook changes are also attached.

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<i>CURRENT CBOT WHEAT PRODUCTS MONTH OPTIONS CYCLE GUIDE</i>												
COMMODITY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
WHEAT OPTIONS First 2 consecutive months and First 6 standard option contracts	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN
	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB
	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar	Mar	Mar
	Jul	Jul	Sep	Sep	Dec	Dec	Mar	Mar	Mar	May	May	May
	Sep	Sep	Dec	Dec	Mar	Mar	May	May	May	Jul	Jul	Jul
	Dec	Dec	Mar	Mar	May	May	Jul	Jul	Jul	Sep	Sep	Sep
	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Sep	Dec	Dec	Dec

Note: Contract months that are bold and underlined indicate that the contracts were added during the previous month on the first business day following an option expiration. Therefore, the contracts are listed by the first day of the month indicated at the top of the column. Months listed in SMALL CAPS indicated reduced strike price intervals.

<i>PROPOSED CBOT WHEAT PRODUCTS MONTH OPTIONS CYCLE GUIDE</i>												
COMMODITY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
WHEAT OPTIONS First 3 consecutive months and First 6 standard option contracts	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN
	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar	Mar	Mar	May
	Jul	Sep	Sep	Dec	Dec	Mar	Mar	Mar	May	May	May	Jul
	Sep	Dec	Dec	Mar	Mar	May	May	May	Jul	Jul	Jul	Sep
	Dec	Mar	Mar	May	May	Jul	Jul	Jul	Sep	Sep	Sep	Dec

Note: Contract months that are bold and underlined indicate that the contracts were added during the previous month on the first business day following an option expiration. Therefore, the contracts are listed by the first day of the month indicated at the top of the column. Months listed in SMALL CAPS indicated reduced strike price intervals.

The recommended rule book changes are attached with additions **bold and underlined** and deletions [~~bracketed with strikethrough~~].

14A01.E. Exercise Prices

Trading shall be conducted for put and call options with striking prices in integral multiples of five (5) cents and ten (10) cents per bushel per Wheat futures contract 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 Wheat futures contract (the at-the-money strike), and strikes in integral multiples of ten cents 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 ten cent strikes will be added to ensure that all strikes within 50 percent of the previous day's settlement price in the underlying futures contract are listed.

2.

a. At the commencement of trading for weekly options, and for options that are traded in months in which Wheat futures are not traded, and for standard option months the business day they become the [~~second~~] **third** listed month, the Exchange shall list a strike closest to the previous day's settlement price of the underlying Wheat futures contract (the at-the-money strike), and strikes in integral multiples of five cents in a range of 25 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. For example, five-cent strike price intervals for the September contract would be added on the first business day after the expiration of the [~~July~~] **June** options contract.

b. Over time, new five-cent strike prices will be added to ensure that all strikes within 25 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 5 and 10 cent strikes are added, existing strikes outside the newly determined strike ranges without open interest may be de-listed.