Special Executive Report

S-5898R **October 5, 2011**

REVISED NOTICE: CME Group Announces the Launch of Weekly Soybean Meal, Soybean Oil, and Live Cattle Options on September 26, 2011

Special Executive Report (SER) # 5898, issued on Wednesday, August 31, 2011, advised that On Monday, September 26, 2011, CME Group would add weekly options to its current line-up of standard and serial options on CBOT Soybean Meal and Soybean Oil futures and on CME Live Cattle futures.

During the product launch process, some market participants were confused by the strike price intervals that will be listed for Weekly Soybean Meal Options. To improve clarification, the Exchange has revised the Rulebook Chapter. Note that this is not a material change, but rather a minor rearranging of language for the purpose of clarification. Please see Attachment 4 for the newly proposed Rulebook language revision.

The Exchange currently lists standard and serial options on CBOT Soybean Meal and Soybeans Oil futures and on CME Live Cattle futures. For CBOT Soybean Meal and Soybean Oil, standard and serial options expire on the last Friday which precedes by at least two business days the last business day of the month preceding the option month. For CME Live Cattle, standard and serial options expire on the first Friday of the contract month. Thus, there is currently one option expiration per month for each of these products.

The addition of weekly options for these commodities will complement the existing options complex by giving market participants increased trading flexibility in managing their existing option positions as well as increased trading opportunities due to the advantages offered by weekly options.

Weekly options will have the same contract specifications – American-style exercise, strike price ranges, strike price increments, minimum option premium increments, daily and final settlement – as their related standard or serial options.

Weekly options will exercise into an underlying futures contract. If a weekly option expires prior to the expiration date of the nearby related standard option, then the weekly option will exercise into the nearby futures contract. If the weekly option expires after the expiration date of the nearby related standard option but before the expiration date of the nearby underlying futures, then it will exercise into the first-deferred futures contract.

The Exchange will list weekly options that expire each Friday, except for those Fridays where standard or serial options are scheduled to expire. In cases where Friday is a holiday, weekly options that would otherwise be scheduled to expire that Friday will expire on the preceding Exchange business day.

Three weekly options will be listed concurrently for each Soybean Meal, Soybean Oil, and Live Cattle futures product. Each weekly option will have about 28 days to expiration upon its initial listing date. The Exchange will list new weekly options on the business day following the latest weekly options expiration. The Exchange will not list new weekly options on the business day following expiration of standard or serial options.

At launch, the Exchange will initially list the following weekly options for Soybean Meal and Soybean Oil:

- September Week 5 options expiring on Friday, September 30;

- October Week 1 options expiring on Friday, October 7; and
- October Week 2 options expiring on Friday, October 14.

These Weekly Soybean Meal and Soybean Oil Options will exercise into the corresponding December 2011 futures contract.

Similarly, at launch, the Exchange will initially list the following weekly options for Live Cattle:

- September Week 5 options expiring on Friday, September 30 exercising into the October 2011 futures contract;
- October Week 2 options expiring on Friday, October 14; and
- October Week 3 options expiring on Friday, October 21 exercising into the December 2011 futures contract.

Attachments 1-5 summarize the rulebook changes that apply to the new weekly options.

If you require any additional information on Weekly Soybean Meal and Soybean Oil Options, please contact Randy Shao at 312-648-3795 or via e-mail at Renyuan.Shao@cmegroup.com; or Fred Seamon at 312-634-1587 or via e-mail at Fred.Seamon@cmegroup.com. For additional information on Weekly Live Cattle Options, please contact Jack Cook at 312-930-3295 or via e-mail at Jack.Cook@cmegroup.com; or Tom Clark at 312-930-4595 or via e-mail at Thomas.Clark@cmegroup.com.

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

Attachment 1

CBOT Rulebook
Chapter 12A. Options on Soybean Oil Futures
Rule 12A01. OPTIONS CHARACTERISTICS

12A01.I. Termination of Trading

~~[Subject to the provisions of 12A01.D., no trades in Soybean Oil futures options expiring in the current month shall be made after the close of the open outcry trading session for the corresponding Soybean Oil futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday.]~~

12A01.I.1. Standard and Serial Options

The last day of trading in any standard or serial option for expiry in a given month shall be the last Friday which precedes by at least two business days the last business day of the calendar month preceding such option's named expiry month. If such Friday is not a business day, then the last day of trading in such option shall be the business day prior to such Friday.

On their last day of trading, expiring standard or serial options shall cease trading at the close of the open outcry trading session for the corresponding Soybean Oil futures contract, subject to the provisions of Rule 12A01.D.

12A01.I.2. Weekly Options

Any weekly option shall be designated to expire on a given Friday, provided however that no weekly option shall be designated to expire on any Friday that is also the last day of trading in a standard or serial option (Rule 12A01.I.1.). Trading in any weekly option shall terminate on the Friday on which such option is designated to expire. If such Friday is not a business day, then trading in weekly options designated for expiration on such Friday shall terminate on the business day prior to such Friday.

On their last day of trading, expiring weekly options shall cease trading at the close of the open outcry trading session for the corresponding Soybean Oil futures contract, subject to the provisions of Rule 12A01.D.

12A01.I.3. Trading in Underlying Futures

In the event that the underlying futures market does not open on a day scheduled for option expiration, such option expiration shall occur on the next day on which the underlying futures market opens for trading.

Attachment 2

CBOT Rulebook
Chapter 12A. Options on Soybean Oil Futures

Rule 12A01. OPTIONS CHARACTERISTICS

12A01.E. Exercise Prices

Trading shall be conducted for put and call options**, including standard, serial, and weekly options,** with striking prices (the "strikes") in integral multiples of one half cent per pound per Soybean Oil 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 Soybean Oil futures contract (the at-the-money strike), and strikes 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, strikes shall be added as necessary to ensure that all strikes within 50 percent of the previous day's settlement price in the underlying futures contract are listed.

2. 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 one half cent strikes are added, existing strikes outside the newly determined strike ranges without open interest may be de-listed.

Attachment 3

CBOT Rulebook
Chapter 13A. Options on Soybean Meal Futures
Rule 13A01. OPTIONS CHARACTERISTICS

13A01.I. Termination of Trading

[~~Subject to the provisions of Rule 13A01.D., no trades in Soybean Meal futures options expiring in the current month shall be made after the close of the open outcry trading session for the corresponding Soybean Meal futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday.~~]

13A01.I.1. Standard and Serial Options

The last day of trading in any standard or serial option for expiry in a given month shall be the last Friday which precedes by at least two business days the last business day of the calendar month preceding such option's named expiry month. If such Friday is not a business day, then the last day of trading in such option shall be the business day prior to such Friday.

On their last day of trading, expiring standard or serial options shall cease trading at the close of the open outcry trading session for the corresponding Soybean Meal futures contract, subject to the provisions of Rule 13A01.D.

13A01.I.2. Weekly Options

Any weekly option shall be designated to expire on a given Friday, provided however that no weekly option shall be designated to expire on any Friday that is also the last day of trading in a standard or serial option (Rule 13A01.I.1.). Trading in any weekly option shall terminate on the Friday on which such option is designated to expire. If such Friday is not a business day, then trading in weekly options designated for expiration on such Friday shall terminate on the business day prior to such Friday.

On their last day of trading, expiring weekly options shall cease trading at the close of the open outcry trading session for the corresponding Soybean Meal futures contract, subject to the provisions of Rule 13A01.D.

13A01.I.3. Trading in Underlying Futures

In the event that the underlying futures market does not open on a day scheduled for option expiration, such option expiration shall occur on the next day on which the underlying futures market opens for trading.

Attachment 4

CBOT Rulebook
Chapter 13A. Options on Soybean Meal Futures

Rule 13A01. OPTIONS CHARACTERISTICS

13A01.E. Exercise Prices

Trading shall be conducted for **standard and serial** put and call options with striking prices (the "strikes") in integral multiples of five (5) dollars per ton per Soybean Meal futures contract for all strikes less than two hundred dollars and in integral multiples of ten (10) dollars per ton per Soybean Meal futures contract for all strikes greater than or equal to two hundred dollars 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 Soybean Meal futures contract (the at-the-money strike), and strikes 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, strikes shall be added as necessary to ensure that all strikes within 50 percent of the previous day's settlement price in the underlying futures are listed.

2.
a. [~~For weekly options and~~] **For standard and serial** option months the business day they become the first listed month, **and at the commencement of trading for weekly options,** the Exchange shall list a strike closest to the previous day's settlement price of the underlying Soybean Meal futures contract (the at-the-money strike), and strikes in integral multiples of five dollars 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 5 dollar strike prices shall be added to ensure that all strikes within 50 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 strikes are added, existing strikes outside the newly determined strike ranges without open interest may be de-listed.

Attachment 5

CME Rulebook
Chapter 101A. Options on Live Cattle Futures

Rule 101A01. OPTION CHARACTERISTICS

101A01.D. Underlying Futures Contract

1. Options in the February Bi-Monthly Cycle
For **monthly** options that expire in the February bi-monthly cycle (i.e., February, April, June, August, October and December), 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 February is the February futures contract.
2. Options [~~Not in the February~~] **in the January** Bi-Monthly Cycle
For **monthly** options that expire in months other than those in the February bi-monthly cycle (i.e., January, March, May, July, September, and November), the underlying futures contract is the next futures contract in the February bi-monthly cycle that is nearest to the expiration of the option. For example, the underlying futures contract for an option that expires in January is the February futures contract.
3. Weekly Options
For weekly options, if the weekly option expires prior to the expiration date of the nearby option in the February bi-monthly cycle, then the underlying future is the nearby contract. If the weekly option expires after the expiration date of the nearby option in the February bi-monthly cycle but before the expiration date of the nearby futures, then the underlying future is the first-deferred contract.

101A01.E. Exercise Prices

1. Options in the February Bi-Monthly Cycle
The exercise prices shall be stated in terms of cents per pound. For all contract months, exercise prices shall be at intervals of 2¢; e.g., 60¢, 62¢, 64¢, etc. In addition, for the first two contract month, some exercise prices shall also be at intervals of 1¢; e.g., 60¢, 61¢, 62¢, etc., as is described below.
At the commencement of option trading in a contract month, the Exchange shall list put and call options at intervals of 2¢ in a range 24¢ above and below the previous day's settlement price of the underlying futures contract. When a sale, bid, offer, or settlement price in the underlying futures
contract occurs at, or passes through an exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or next lower) exercise price within a 24¢ range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.
When a contract becomes the second nearest contract month in the February bi-monthly cycle, the Exchange shall add exercise prices at 1¢ intervals at a range 24¢ above and below the previous day's settlement price. Thereafter, when a sale, bid, offer, or settlement price occurs at, or passes through, any exercise price, the Exchange shall on the next trading day list put and call options at the next higher (or next lower) exercise price within a 24¢ range above (or below) the exercise price through which the underlying futures sale, bid, offer, or settlement price occurred. In addition, when a sale, bid, offer, or settlement price occurs at, or passes through, any even-numbered exercise prices; e.g., 60¢, 62¢, 64¢, the Exchange shall on the next trading day list put and call options at the next higher (or next lower) even-numbered exercise price within a 24¢ range above (or below) the exercise price through which the underlying futures sale, bid, offer, or settlement price occurred.
When a contract becomes the nearest contract month in the February bi-monthly cycle, the Exchange shall add exercise prices at 1¢ intervals within the range that exercise prices at 2¢ intervals have been listed.
New options may be listed for trading up to and including the termination of trading.
The Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.
The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.
2. Options [~~Not in the February~~] **in the January** Bi-Monthly Cycle
Upon demand evidenced in the respective options pit, the Exchange shall list put and call options at any exercise price listed for trading in the next February bi-monthly cycle futures options that is nearest the expiration of the option. New options may be listed for trading up to and including the termination of trading. The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

3. Weekly Options

At the commencement of option trading, the Exchange shall list put and call options at intervals of 1¢ in a range 24¢ above and below the previous day's settlement price of the underlying futures contract. When a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through an exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or next lower) exercise price within a 24¢ range above(or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

New options may be listed for trading up to and including the termination of trading. The Board may modify the provisions governing the establishment of exercise prices as it deems appropriate. The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

101A01.I. Termination of Trading

1. Options in the February Bi-Monthly Cycle

Options trading shall terminate on the first Friday of the delivery month of the underlying futures contract. If that Friday is not a business day, then trading shall terminate on the immediately preceding business day.

2. Options [~~Not in the February~~] **in the January** Bi-Monthly Cycle

For **monthly** options that expire in months other than those in the February bi-monthly cycle, options trading shall terminate on the first Friday of the contract month, which is also a business day.

3. Weekly Options

For weekly options, trading shall terminate on Friday, except that no weekly option shall be designated to terminate on any Friday that is also the termination date for an option in either the January or February bi-monthly cycle. If that Friday is not a business day, then trading shall terminate on the immediately preceding business day.