

MARKET REGULATION ADVISORY NOTICE

Exchange	CBOT
Subject	Cabinet Transactions in Option Products
Rule References	CBOT Rule 542 and CBOT Option Product Chapters
Advisory Date	August 30, 2021
Advisory Number	CBOT RA2101-1
Effective Date	October 1, 2021

Effective on trade date Friday, October 1, 2021, and pending all relevant CFTC regulatory review periods, this Market Regulation Advisory Notice will supersede CBOT Market Regulation Advisory Notice RA1602-1 from August 31, 2016. It is being issued in connection with the September 30, 2021, closure of the trading floor for all products other than options on CME Eurodollar futures and options on CME SOFR futures. The current cabinet values of CBOT Treasury options products trading on CME Globex, as set forth below, are not affected.

A cabinet transaction is a trade executed in a deep out-of-the-money option at a premium value smaller than the standard minimum price increment for such option product. A cabinet transaction may be executed to initiate or to liquidate a position. For each option product, the corresponding product chapter defines the standard minimum price increment and the allowable cabinet price levels.

For example, for options on 10 Year US Treasury Note futures the product rules (set forth in CBOT Rulebook Chapter 19A) define the standard minimum price increment to be 1/64 of one price point (equal to \$15.625 per option contract), with an allowance for cabinet transactions to be executed at any premium level per option contract from Cab1 (\$1.00) to Cab15 (\$15.00), inclusive, in \$1.00 increments, referred to as “variable cabinet increments.”

Effective on October 1, 2021, variable cabinet increments will be supported solely for Exchange of Options for Options (“EOOs”) transactions executed pursuant to Rule 538 (“Exchange for Related Positions”) and for block trades executed pursuant to Rule 526 (“Block Trades”), provided the EOO or block trade is submitted via CME Direct.

Cabinet transactions on CME Globex will remain at the values forth below.

Product	Clearing/CME Globex Product Codes	CME Globex Cabinet Value
Options on Ultra US Treasury Bond Futures	UBE/OUB Weekly: UL1-5/UB1-5	Cab 7 (\$7.00)
Options on US Treasury Bond Futures	17/OZB Weekly: US1-5/ZB1-5	Cab 7 (\$7.00)
Options on Ultra 10 Year US Treasury Note Futures	TN/OTN Weekly: TN1-5/TN1-5	Cab 7 (\$7.00)
Options on 10 Year US Treasury Note Futures	21/OZN Weekly: TY1-5/ZN1-5	Cab 7 (\$7.00)
Options on 5 Year US Treasury Note Futures	25/OZF Weekly: FV1-5/ZF1-5	Cab 4 (\$4.00)
Options on 2 Year US Treasury Note Futures	26/OZT Weekly: TW1-5/ZT1-5	Cab 7 (\$7.00)

Cabinet transactions on CME Globex in CBOT option products other than Treasury options will be unaffected, and will remain at their current value of Cab 1 (\$1.00) per option contract.

Questions regarding this Advisory Notice may be directed to the following individuals:

Dave Reif, Executive Director, Interest Rate Products, 312.648.3839

Erin Middleton, Senior Director, Market Regulation, 312.341.3286

Daniel Schneider, Director, Market Regulation, 312.341.7251

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.