

## MARKET REGULATION ADVISORY NOTICE

<b>Exchange</b>	<b>CBOT</b>
<b>Subject</b>	<b>Cabinet Transactions in Option Products</b>
<b>Rule References</b>	<b>CBOT Rule 542 and CBOT Option Product Chapters</b>
<b>Advisory Date</b>	<b>August 31, 2016</b>
<b>Advisory Number</b>	<b>CBOT RA1602-1</b>
<b>Effective Date</b>	<b>October 3, 2016</b>

Effective Sunday, October 2, 2016, for trade date Monday, October 3, 2016, this Market Regulation Advisory Notice will supersede CBOT Market Regulation Advisory Notice RA0701-1 from December 3, 2007. It is issued in connection with changes to the values associated with cabinet transactions in certain CBOT option products transacted on the CME Globex electronic trading platform (“CME Globex”).

A cabinet trade 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 trades to be executed at any premium level per option contract from Cab1 (\$1.00) to Cab15 (\$15.00), inclusive, in \$1.00 increments.

At present, all cabinet trades on CME Globex in any CBOT option product are valued at Cab 1 (\$1.00) per option contract. ***Effective October 3, cabinet transactions on CME Globex in the following CBOT Treasury option products shall be valued as set forth below:***

Product	Clearing/CME Globex Product Codes	CME Globex Cabinet Value as of October 3, 2016
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)

This change shall affect only cabinet transactions on CME Globex in such options on Treasury futures.

Treasury options traded via open outcry or executed as Exchange of Options for Options (“EOOs”) pursuant to Rule 538 (“Exchange for Related Positions”) will remain tradable at any cabinet price level permitted under the corresponding product rules:

- Cabinet values at which options on 5 Year Treasury Note futures are eligible to trade, either in open outcry or as EOOs, will remain any integer multiple of \$1.00 per contract between Cab 1 (\$1.00) and Cab 7 (\$7.00), inclusive.
- Cabinet values at which options on any other Treasury futures contract are eligible to trade, either in open outcry or as EOOs, will remain any integer multiple of \$1.00 per contract between Cab 1 (\$1.00) and Cab 15 (\$15.00), inclusive.

Moreover, standards for cabinet trades on CME Globex in any other CBOT option products will be unaffected, and will remain at their current value of Cab 1 (\$1.00) per option contract.

Additionally, simultaneous spread and combination trades shall remain subject to CBOT Rule 542, which permits any spread or combination transaction involving cabinet-priced options to trade only if the transacted price of such spread or combination is either a permissible cabinet price level or one standard minimum price increment, as defined for the pertinent option product(s).

Questions regarding this advisory may be directed to the following individual in Market Regulation:

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For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or [news@cmegroup.com](mailto:news@cmegroup.com).