

Advisory Notice

Clearing House

TO: Clearing Member Firms,
Chief Financial Officers,
Back Office Managers

FROM: Clearing House Department

DATE: July 28, 2004

ADVISORY #: 04-134

SUBJECT: **August 2, 2004 Launch of the Enhanced Options System**

On Monday August 2nd, CME will launch trading in Eurodollar options on the new Enhanced Options System. During daytime hours (Chicago time) – from 7 a.m. to 4 pm on Monday through Friday – Eurodollar options will trade electronically on the new system. Outside these hours – from 5pm to 6:50 am Sunday through Thursday – these options will trade on GLOBEX. Open-outcry trading of Eurodollar options during pit hours will continue unaffected.

In addition to all Eurodollar outright options, Combinations on Eurodollar Options (“Spreads”) will now be available to be traded electronically. Each spread will be defined as a separate product. The following spreads will be available:

- Call & Put Spreads (Vertical)
- Call & Put Fly (Butterfly)
- Ratios (1x2, 1x3, 2x3)
- Straddle
- Horizontal Straddle
- Strangle
- Risk Reversal (Squash)
- Call & Put Condor
- Call & Put Tree
- Call & Put Calendar
- Call & Put Strips
- Generics

Options on Eurodollar Futures will trade electronically during the following hours (Chicago time):

Enhanced Options System:	7:00 a.m. – 4:00 p.m. (Monday – Friday)
GLOBEX:	5:00 p.m. – 6:50 a.m. (Sunday – Friday)

Clearing implications:

There are no clearing system or bookkeeping system changes associated with the launch of the Enhanced Options System. Trades in Eurodollar options will appear in the Front-End Clearing (FEC) system exactly like trades executed on GLOBEX, and firms will receive TREX trade confirmation messages for them exactly like those for trades executed on GLOBEX. Trades in option strategies will be broken out into individual legs, and firms will receive trade confirmation messages for each leg.

The Trade Type and execution time on the trade confirmation message can be used to identify whether a particular Eurodollar option trade was executed on GLOBEX or on the Enhanced Option System:

- Combinations ("Spreads") on Eurodollar Options will occur only on the Enhanced Options System. ***The TREX confirm will contain the value "5" in the Trade Type field and the Match time will be between 7:00 a.m. – 4:00 p.m. (Monday – Friday).***
 - ***The Trade Register report CPM591 will show these trades as Transaction Type - ESPR***
- Between the hours of 5:00 p.m. – 6:50 a.m. (Sunday – Friday), Outright Eurodollar Options can only be traded on GLOBEX. ***The TREX confirm will contain the value "2" in the Trade Type field and the Match time will be between 5:00 p.m. – 6:50 a.m. (Sunday – Friday).***
 - ***The Trade Register report CPM591 will show these trades as Transaction Type - ELEC***
- Between the hours of 7:00 a.m. – 4:00 p.m. (Monday – Friday), Outright Eurodollar Options can only be traded on the Enhanced Options System. ***The TREX confirm will contain the value "2" in the Trade Type field and the Match time will be between 7:00 a.m. – 4:00 p.m. (Monday – Friday).***
 - ***The Trade Register report CPM591 will show these trades as Transaction Type - ELEC***

For more information about the Enhanced Options System, see the following FAQ.

[Enhanced Options System FAQ \(PDF\)](#)

For questions pertaining Clearing, please contact the Trade Processing Unit at 312/207-2525.