

Market Data Operations

Date: November 14, 2007
Notice #: Q2007-289
Subject: Volatility-Quoted FX Options – *Coming in February 2008*

CME Group plans to offer volatility-quoted FX options for trading on the CME Globex[®] electronic trading platform, beginning in the first quarter 2008. Volatility – based quoting facilitates “delta-neutral” trading, virtually eliminating the execution risk that is inherent to trading in premium-quoted options.

Volatility-quoted options will be available in both American- and European-style expiration on the following options products:

- EuroFX
- British Pound
- Japanese Yen
- Canadian Dollar
- Swiss Franc
- Australian Dollar (American-style only, initially)

These products will be fully fungible with the existing premium-quoted FX options and futures.

The table in Exhibit 1, on the following page, details product and group code information for each product.

MDP Channel Information

Market data for foreign currency volatility-quoted options will be disseminated via the Market Data Platform as follows:

<u>Message Type</u>	<u>MDP Channel</u>
ITC 2.1 Market Data	205
RLC Market Data	12

Volatility Pricing Conventions

Please note that ITC 2.1 market data messages require no changes to support volatility-quoted options. Volatilities will be transmitted in the price field, and will be represented in decimal form; i.e. a volatility of 6 1/4% will be represented by .0625; this will be represented in the ITC 2.1 transmission format as **0006250**, with a **fractional indicator of 3**, which will be interpreted as 6.250. For RLC messaging enhancements, please refer to the [Volatility-Quoted Options Client Impact Assessment](#) document.

Volatility-Quoted FX Options Codes

Product	Expiration Style	Listing Term	Group Code	Product Code
Australian Dollar Volatility-Quoted Options	American	Monthly	3A	V6A
Australian Dollar Volatility-Quoted Options	American	Weekly	3A	VA(1-5)
British Pound Volatility-Quoted Options	American	Monthly	3B	V6B
British Pound Volatility-Quoted Options	American	Weekly	3B	VB(1-5)
British Pound Volatility-Quoted Options	European	Monthly	3B	VXB
British Pound Volatility-Quoted Options	European	Weekly	3B	VB(A-E)
Canadian Dollar Volatility-Quoted Options	American	Monthly	3C	V6C
Canadian Dollar Volatility-Quoted Options	American	Weekly	3C	VC(1-5)
Canadian Dollar Volatility-Quoted Options	European	Monthly	3C	VXC
Canadian Dollar Volatility-Quoted Options	European	Weekly	3C	VC(A-E)
Euro FX Volatility-Quoted Options	American	Monthly	3E	V6E
Euro FX Volatility-Quoted Options	American	Weekly	3E	VE(1-5)
Euro FX Volatility-Quoted Options	European	Monthly	3E	VXT
Euro FX Volatility-Quoted Options	European	Weekly	3E	VT(A-E)
Japanese Yen Volatility-Quoted Options	American	Monthly	3J	V6J
Japanese Yen Volatility-Quoted Options	American	Weekly	3J	VJ(1-5)
Japanese Yen Volatility-Quoted Options	European	Monthly	3J	VXJ
Japanese Yen Volatility-Quoted Options	European	Weekly	3J	VJ(A-E)
Swiss Franc Volatility-Quoted Options	American	Monthly	3S	V6S
Swiss Franc Volatility-Quoted Options	American	Weekly	3S	VS(1-5)
Swiss Franc Volatility-Quoted Options	European	Monthly	3S	VXS
Swiss Franc Volatility-Quoted Options	European	Weekly	3S	VS(A-E)