

CME Options on Nikkei 225 Stock Average Futures

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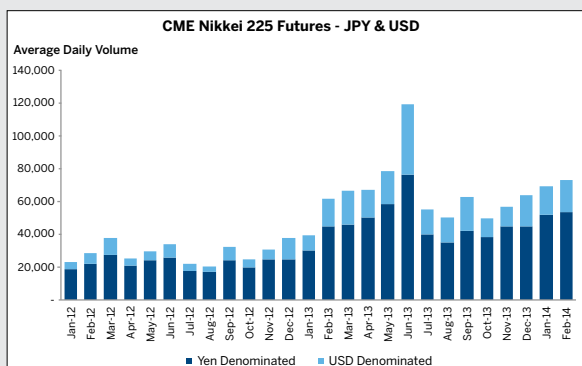
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CME's Nikkei Stock Average futures ("Nikkei 225 futures") volume, both yen-denominated and USD-denominated, increased significantly during 2013, and early 2014. The increase in monthly average daily volume was attributable to a more optimistic, yet more uncertain, Japanese economic growth outlook during 2013. "Abenomics", the combined economic policies implemented under the direction of the recently appointed Japanese Prime Minister Shinzo Abe, is often cited as the catalyst for increased activity in Japanese cash equity market and Japanese equity derivative market activity during 2013 and early 2014.

To assist market participants with additional risk management alternatives CME Group will introduce both quarterly and serial options on Yen Denominated Nikkei 225 futures on CME Globex beginning at 5:00 p.m. on April 13, 2014 for trade date April 14, 2014.

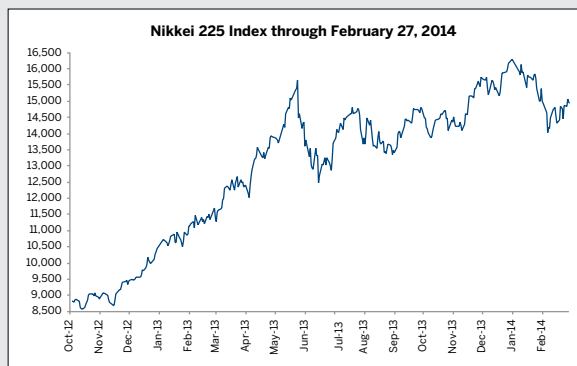
Exchange traded derivatives market activity has greatly benefited from the more optimistic Japanese economic outlook. CME Yen-denominated Nikkei 225 futures Average Daily Volume ("ADV") during 2013 has been 46,770 contracts, almost 106 percent higher than the corresponding 2012 ADV. CME USD-denominated Nikkei 225 futures ADV has increased more than 178 percent to 18,575. The CME Nikkei 225 futures monthly volume growth pattern is illustrated in Chart 1 below.

Monthly ADV for CME Nikkei 225 Futures



It is an understatement to indicate that the Japanese equity market has reacted very favorably to Abenomics. The Nikkei 225 index, Japan's premier equity market index, rallied more than 50% from December 28 2012 through the closing level posted on May 22, 2013. Subsequently, the Nikkei 225 declined more than 20% from late May 2013 through mid-June 2013, before recovering substantively. During 2013, the Nikkei 225 index appreciated slightly more than 56.70% as the index rallied from 10,395.18 on December 28, 2012 to 16,291.31 on December 20, 2013. This price pattern is illustrated in the Nikkei 225 Index Chart 2 below:

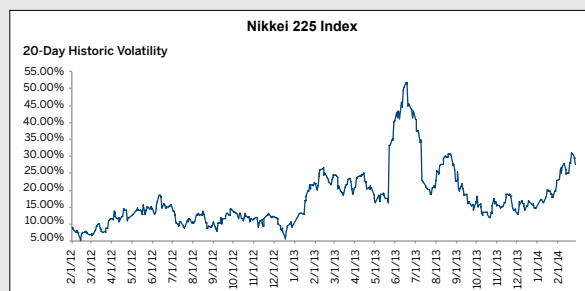
Nikkei 225 Stock Average Prices



An alternative way of viewing the recent heightened Japanese equity market price volatility is through the lens of Nikkei 225 Index 20-day realized or historical volatility (20-day HV). During late 2012, the range for Nikkei 225 20-day HV lingered in the 12% to 16% range. The strong early 2013 Japanese equity market rally propelled 20-day HV into the 20% to 30% range. Historical volatility rallied sharply along with the Nikkei 225's strong price declines in late May/early June 2013, peaking near 52%, before reverting back towards the 20% level. Renewed Nikkei 225 index price volatility in early 2014 has pushed 20-day Historical Volatility back above the 30% level. The 20-day historical volatility

pattern is shown in the Nikkei 225 Index Historical Volatility Chart 3 below:

Nikkei 225 Stock Average 20-Day Historical Volatility



A significant increase in Nikkei 225 futures trading activity has coincided with the recovery in the Japanese equity market and the increase in realized volatility. Trading volume in CME's Yen Denominated Nikkei 225 futures has increased more than 100% to nearly 47,000 contracts per day during 2013, while Nikkei 225 futures volume at the Osaka Securities Exchange has increased more than 77% during the same time period.

This substantial Nikkei 225 futures volume trend has created demand for options on Nikkei 225 futures, a contract that CME has introduced which can be cleared at CME. Japanese equity market participants have been seeking an alternative method of gaining exposure to the equity market price shifts. The introduction of CME options on Nikkei 225 futures gives traders an enhanced set of tools by which they can establish market exposures than can't be accomplished with futures contracts alone.

The potential options on futures strategies that may be used include, but are not limited to: limited risk price directional positions associated with long option exposure and/or debit vertical spread exposure; long or short volatility trading positions via traditional straddle or strangle positions; income enhancement positions via covered option writing programs; time value capture related positions via butterfly, condor or horizontal spreads; as well as dynamic portfolio reweighting programs via strangle writing strategies.

CME will introduce options on Yen Denominated Nikkei Stock Average futures on CME Globex beginning at 5PM on April 13, 2014 for trade date April 14, 2014. American-style options on Yen Denominated Nikkei futures will be listed on 2 consecutive quarterly cycle months (March/June/September/December) and European-style options will be listed on 2 consecutive months (January/February/April/May/July/August/October/November).

The American-style exercise cycle month options are exercisable into the underlying CME Yen Denominated Nikkei futures contract. American-style options may be exercised by the option buyer at any time subsequent to option purchase.

In-the-money European-style serial month options will be automatically exercised into CME Yen Denominated Nikkei futures based on a Volume Weighted Average Price (VWAP) fixing price determined by trading activity in the mini Nikkei futures at the Osaka Securities Exchange (OSE) during the last thirty seconds of Japanese cash equity market trading on the serial option expiration day. At-the-money and out-of-the-money European-style options will be abandoned and expire worthless. Contrarian instructions are not permitted for European-style serial options on CME's Yen Denominated Nikkei Stock Average futures.

Quarterly CME Yen Denominated Nikkei Stock Average futures will settle to a Special Opening Quotation (SOQ) of the Nikkei 225 index on the second Friday of the expiration month. In-the-money options on CME's Yen Denominated Nikkei Stock Average futures are automatically exercised on expiration day into the underlying futures contract, which is then marked to market against the Nikkei 225 Stock Average SOQ.

The contract specifications for CME Options on Yen Denominated Nikkei Stock Average futures are included on the next page.

For more information, visit cmegroup.com/nikkei225 or contact equities@cmegroup.com

CME GROUP OPTIONS ON YEN DENOMINATED NIKKEI STOCK AVERAGE FUTURES

Contract Specifications

Launch Date	April 14, 2014	
Contract Size	One CME Yen Denominated Nikkei 225 futures contract	
Option Ticker Symbols	Quarterly Options: NKW	Serial Options: NKY
Trading Venue	Globex only	
Tick Size	Outrights: 1 index point (= ¥ 500)	
Strike Price Interval	50 point strike price intervals: + 40% From ATM Strike Price	
Hours of Trading	MON – FRI: 5:00 p.m. (Prior Day) – 4:15 <i>All times listed are Central Time (CT)</i>	
Contract Months	Two months in the March Quarterly Cycle (e.g. March, June, September, December cycle); Two serial months (e.g. January, February, April, May, July, August, October, November)	
Expiration Date & Time	Quarterly Options: 4:15 p.m. CT on the Thursday prior to the on the 2nd Friday of the quarterly contract expiration month Serial Options: 3:00 p.m. Osaka, Japan time on the 2 nd Friday of the contract month	
Serial Options:	3:00 p.m. Osaka, Japan time on the 2 nd Friday of the contract month	
Exercise Procedure	Quarterly Options: American Style	Serial Options: European Style
Daily Settlement Time	3:15 p.m. CT	
Settlement at Expiration:	<p>Quarterly Options: Option exercise results in a position in the underlying cash-settled futures contract (For example, the underlying futures contract for an option on the Nikkei Yen Denominated Stock Average futures that expires in March is the March futures contract). Options which are in-the-money on the last day of trading are automatically exercised. In-the-money Quarterly Options are exercised into expiring cash-settled futures, which settle to the Special Opening Quotation (“SOQ”).</p> <p>Serial Options: Option exercise results in a position in the underlying cash-settled futures contract (For example, the underlying futures contract for options on the Nikkei-Yen Denominated 225 futures that expire in January or February is the March futures contract); options which are in-the-money on the last day of trading are automatically exercised. A 3:00 p.m. Osaka, Japan time price fixing based on the volume weighted average price of OSE mini Nikkei futures traded in the last 30 seconds of trading (2:59:30 to 3:00:00 p.m. Osaka, Japan time) on serial option expiration day will be used to determine which options are in-the-money. Contrarian instructions are not permitted on serial options.</p>	
Daily Price Limits	Options trading is not permitted during trading halts due to price limit events	
Block Trade Eligible	Yes	
Min Block Size	50 Contracts	
Position Limits	Work in conjunction with existing Nikkei (Yen) futures and E-mini Nikkei (Yen) futures position limits	
Rulebook Chapter	352C	

Futures and options trading is not suitable for all investors, and involves the risk of loss. Futures and options are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles. And only a portion of those funds should be devoted to any one trade because they cannot expect to profit on every trade.

Any research views expressed are those of the individual author and do not necessarily represent the views of the CME Group or its affiliates.

All examples are hypothetical situations, used for explanation purposes only, and should not be considered investment advice or the results of actual market experience.

All matters pertaining to rules and specifications herein are made subject to and are superseded by official CME, CBOT, NYMEX and KCBT rules. Current rules should be consulted in all cases concerning contract specifications.



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