

## CME Equity Product Update



### Rule Change for Trading Options Spreads and Combinations

**Effective Trade Date: Monday, January 22, 2007**

#### Affected Contracts – Options on Futures on:

- ⌘ CME S&P 500<sup>®</sup> Index
- ⌘ CME S&P 500/Citigroup Growth Index
- ⌘ CME S&P 500/Citigroup Value Index
- ⌘ CME NASDAQ-100<sup>®</sup> Index

Effective Monday, January 22, 2007, the rules governing options spreads and combinations for the contracts listed above will be simplified to allow for trading under the variable tick rules used for outright options, **provided** the trade meets certain requirements.

All spread or combination trades on those CME equity options will be allowed to trade at any net premium level, as long as every leg in the spread and combination can be assigned a valid price in accordance with the tick rule for the outright options.

Further, if the net premium is under the product-specific threshold, the option can be traded in the smaller tick increments of .05 index points.

CME Equity Options Contract	Variable Tick Threshold
CME S&P 500, CME S&P 500/Citigroup Growth, CME S&P 500/Citigroup Value	Premiums > 5.00 = 0.10 tick Premiums ≤ 5.00 = 0.05 tick
CME NASDAQ-100	Premiums > 3.00 = 0.10 tick Premiums ≤ 3.00 = 0.05 tick

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### **Example 1**

**The net premium for the spread or combination does not exceed the variable tick thresholds** (5.00 index points for the CME S&P 500 options and 3.00 index points for CME NASDAQ-100 options).

Options in a calendar spread could trade in .05 tick increments if the net differential is below the 5.00 index point variable tick threshold. For example, the March-Feb calendar spread could trade at 4.05, with the options legs priced at 11.05 and 7.00.

### **Example 2**

**If the premium level for each leg of the option spread or combination is permitted under the rules,** a CME S&P 500 1400 straddle could trade at 9.95 index points, with one leg priced at 5.10 and the other at 4.85 index points.

### **Questions? Contact:**

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