

Eurodollar Options

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Overview

Options on Eurodollar futures are among the most actively traded exchange-listed interest rate options contracts in the world. The liquidity of Eurodollar options offers traders and hedgers an opportunity to take advantage of their views on the direction of U.S. interest rates. Opportunities range from high gamma one-week options, to high vega options expiring up to four years in the future.

Eurodollar options provide the ability to limit losses while maintaining the possibility of profiting from favorable changes in the futures prices. All Eurodollar options are American-style, meaning that the options may be exercised on or before expiration.

In addition to sixteen quarterly and two serial options, Eurodollar Mid-Curve options are also listed. Mid-Curve options are short-dated American-style options on deferred Eurodollar futures contracts, one, two, three, four and five years from the options expiration date. These options give the ability to trade options expiring at the same time on different parts of the curve.

Because they are short-dated, Mid-Curve options offer a low premium, high time decay alternative in this segment of the yield curve. Also, weekly expirations on the 1-Year, 2-Year and 3-Year Mid-Curve options are listed, which allow risk managers to take a view on upcoming economic releases and the effects upon U.S. interest rate markets.

Benefits

- **Unsurpassed liquidity** with consistently tight bid/offer spreads and lower transaction costs.
- **Variety of trading opportunities**, including hedging, arbitrage and spreading against other contracts.
- **Price transparency** with trading in open, fair and anonymous markets.
- **Virtual around-the-clock access** on CME Globex, with transparent and competitive executions and fast, efficient markets.

For information on Eurodollar futures and options, visit cme.com/eurodollar

EURODOLLAR OPTIONS CONTRACT SPECIFICATIONS

EURODOLLAR OPTIONS	
Listed	Sixteen quarterly options along with two front month serial options
Underlying Contract	<p>Quarterly: Corresponding Quarterly Eurodollar futures</p> <p>Serial: Corresponding Quarterly Eurodollar futures immediately following the serial</p> <p>Example: April serial underlying contract is June futures</p>
Minimum Fluctuation	<p>Quoted in IMM Index points</p> <p>One-quarter of one basis point (.0025 = \$6.25) for options when underlying futures is nearest expiring month, and for the first two quarterly months and the first two serial months when the option premium is below five ticks One-half of one basis point (0.005 = \$12.50) for all other contract months</p>
Strike Increment	<p>Strike prices will be listed in intervals of 12.5 basis points (0.125) in a range of 150 basis points above and 150 basis points below the strike closest to the previous day's underlying futures settle price</p> <p>Listed in intervals of 25 basis points (0.25) in a range of 550 basis points above and 550 basis points below the strike closest to the previous day's underlying futures settle price</p>
Last Trading Day	<p>Quarterly: Options trading shall terminate at 11:00 a.m. (London Time) on the second London bank business day before the third Wednesday of the contract month</p> <p>Serial and Mid-Curve: Options trading shall terminate on the Friday immediately preceding the third Wednesday of the contract month. If the foregoing date for termination is an Exchange holiday, options trading shall terminate on the immediately preceding business day</p>
Settlement/Exercise	Options are American Style and are exercised by notifying CME Clearing by 7:00 p.m. CT on the day of exercise. Unexercised options shall expire at 7:00 p.m. CT on the last trading day. In-the-money options that have not been exercised shall be automatically exercised following expiration in the absence of contrary instructions
Trading Hours	<p>Open Outcry: 7:20 a.m. – 2:00 p.m. CT, Monday through Friday</p> <p>CME Globex Electronic Market: 5:00 p.m. – 4:00 p.m. CT, Sunday through Friday</p>
Symbols	<p>Open Outcry: ZE</p> <p>CME Globex: GE</p>

MID-CURVE AND WEEKLY MID-CURVE OPTIONS CONTRACT SPECIFICATIONS

MID-CURVE OPTIONS		WEEKLY MID-CURVE OPTIONS
Listed	<p>1-Year, 2-Year, 3-Year, 4-Year and 5-Year Mid-Curves: Four quarterlies along with two front month serials.</p>	Two weekly expirations will be listed at any given time per tenor (in addition to the serial month contract listing)
Underlying Contract	<p>Quarterly Eurodollar future that expires one, two, three or four years after the option</p> <ul style="list-style-type: none"> • 1-Year "Red": December 2013 Options on December 2014 Eurodollar Futures • 2-Year "Green": December 2013 Options on December 2015 Eurodollar Futures • 3-Year "Blue": December 2013 Options on December 2016 Eurodollar Futures • 4-Year "Gold": December 2013 Options on December 2017 Eurodollar Futures • 5-Year "Purple": December 2013 Options on December 2018 Eurodollar Futures 	<p>Quarterly Eurodollar futures that expires one year from the nearest non-expired Quarterly Mid-Curve</p> <p>Example:</p> <ul style="list-style-type: none"> • December 6, 2013 underlying futures contract is December 2014 Eurodollar • December 20, 2013 underlying futures contract is March 2014 because the December Mid-Curve has already expired
Minimum Fluctuation	1/2 of 1 basis point (.005 = \$12.50)	1/2 of 1 basis point (.005 = \$12.50)
Strike Increment	<p>12.5 basis points (0.125) increments for 150 basis points from ATM</p> <p>25 basis points (0.25) increments for 550 basis points from ATM</p>	12.5 basis points (0.125) increments for 150 basis points from ATM 25 basis points (0.25) increments for 550 basis points from ATM
Last Trading Day	The Friday preceding the third Wednesday of the contract month	Weekly options trading terminates at the conclusion of trading on each Friday that is not an expiration day for a Quarterly or Serial Mid-Curve option
Settlement/Exercise	Options are American Style and are exercised by notifying CME Clearing by 7:00 p.m. CT on the day of exercise. Unexercised options shall expire at 7:00 p.m. CT on the last trading day. In-the-money options that have not been exercised shall be automatically exercised following expiration in the absence of contrary instructions	Options are American Style and are exercised by notifying CME Clearing by 7:00 p.m. CT on the day of exercise. Unexercised options shall expire at 7:00 p.m. CT on the last trading day. In-the-money options that have not been exercised shall be automatically exercised following expiration in the absence of contrary instructions
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Symbols	<p>Open Outcry: E0, E2, E3, E4, E5</p> <p>CME Globex: GE0, GE2, GE3, GE4, GE5</p>	<p>1-Year "Red": CME Globex: E01-E05 Open Outcry: 1K-5K</p> <p>2-Year "Green": CME Globex: E21-E25 Open Outcry: EE1-EE5</p> <p>3-Year "Blue": CME Globex: E31-E35 Open Outcry: EF1-EF5</p>

Learn more about Mid-Curve Options at cmeigroup.com/midcurve



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FUTURES: Futures trading is not suitable for all investors, and involves the risk of loss. Futures 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. All examples in this brochure are hypothetical situations, used for explanation purposes only, and should not be considered investment advice or the results of actual market experience.