

U.S. Treasury Futures and Options

U.S. TREASURY FUTURES AND OPTIONS PLAY AN IMPORTANT ROLE IN THE RISK MANAGEMENT STRATEGIES OF GLOBAL MARKET PARTICIPANTS.

Overview

U.S. Treasury futures and options provide a wide variety of market participants around the globe with the ability to adjust their interest rate exposure. Futures and options on Treasury Bonds and Notes are key tools for those who wish to manage their interest rate risk, as well as those who wish to take advantage of price volatility.

In 2010, Long-Term "Ultra" T-Bond futures and options were added to the Treasury complex. These new contracts aid hedgers, speculators and relative value investors who wish to manage the interest rate risks of longer duration market positions.

Among the most liquid products in the world, U.S. Treasury futures and options lend themselves to a variety of risk management and trading applications, including hedging, income enhancement, duration adjustments, interest rate speculation and spread trades. The availability of U.S. Treasury futures and options on CME Globex further enhances the

efficiency of trading these products, providing nearly 24-hour access for users around the world.

The addition of Weekly Treasury Options (WTOs) provides even more opportunities for market participants, allowing flexibility in managing existing option positions, targeted trading based on market movement, and the ability to trade high impact economic events. Learn more at cmegroup.com/wto.

Block trading is available for U.S. Treasury futures and options. Visit cmegroup.com/blocks for more information, including minimum thresholds and reporting time requirements.

In addition, pre-defined, implied intercommodity spreads between the various Treasury futures including OTR Treasury futures, and between Treasury and Interest Rate Swaps futures, are available on CME Globex. For more information, including current spread ratios, visit cmegroup.com/ics.

U.S. Treasury Bond and Note Securities* (Billions)



*The 2000-2010 period is based on annual data. Data for 2011 is through September 2011.

Source: U.S. Treasury Department

Market Participants

- Asset Managers
- Banks
- Corporate Treasurers
- Hedge Funds
- Insurance Companies
- Mortgage Bankers
- Pension Funds
- Primary Dealers
- Proprietary Traders

Contract Specifications

2-Year Treasury Note Futures		3-Year Treasury Note Futures
Contract Size	One U.S. Treasury note having a face value at maturity of \$200,000	
Deliverable Grades	Original maturity of not more than 5 years and 3 months, and remaining maturity of not less than 1 year and 9 months from the first day of the delivery month, but not more than 2 years from the last day of the delivery month	Original maturity of not more than 5 years and 3 months, and a remaining maturity of not less than 2 years and 9 months from the first day of the delivery month, but not more than 3 years from the last day of the delivery month
Price Quote	Points (\$2,000) and quarters of 1/32 of a point. For example, 109-16 represents 109 16/32, 109-162 represents 109 16.25/32, 109-165 represents 109 16.5/32 and 109-167 represents 109 16.75/32.	
Tick Size	The minimum price fluctuation shall be 1/4 of 1/32 (\$15.625 rounded up to the nearest cent per contract). Par shall be on the basis of 100 points.	
Contract Months	The first five consecutive contracts in the March, June, September and December quarterly cycle	
Last Trading Day	The last business day of the contract expiry month	
Last Delivery Day	Third business day following the last trading day	
Delivery Method	Federal Reserve book-entry wire-transfer system	
Trading Hours	Open Outcry : 7:20 a.m. – 2:00 p.m. Central Time (CT), Monday – Friday CME Globex : 5:00 p.m. – 4:00 p.m. CT, Sunday – Friday Trading in expiring contracts closes at 12:01 p.m. CT on the last trading day.	
Ticker Symbols	Open Outcry : TU CME Globex : ZT	Open Outcry : 3YR CME Globex : Z3N

2-Year Treasury Note Options	
Contract Size	One 2-Year Treasury Note futures contract of a specified delivery month
Tick Size	One-half of 1/64 of a point (\$15.625 rounded up to the nearest cent per contract)
Strike Prices	Strike prices will be listed in increments of one-eighth of one point. The minimum strike price range will include the at-the-money strike price closest to the current futures price plus the next thirty consecutive higher and the next thirty consecutive lower strike prices.
Contract Listings	The first three consecutive contract months (two serial expirations and one quarterly expiration) plus the next four months in the March, June, September and December quarterly cycle. Weekly Options : Weeks 1-5, corresponding to the Fridays of each month where there is not a serial or quarterly expiration. Quarterlies will exercise into futures contracts of the same delivery period. Serial and Weekly Options will exercise into the first nearby quarterly futures contract.
Last Trading Day	Options cease trading on the last Friday, which precedes by at least two business days, the last business day of the month preceding the option month. Weekly Options : A given Friday that is not also the last trading day of a quarterly or serial option.
Exercise	American-style. The buyer of a futures option may exercise the option on any business day prior to expiration by giving notice to CME Clearing by 6:00 p.m. CT. Options that expire in-the-money are automatically exercised into a position, unless specific instructions are given to CME Clearing.
Expiration	Unexercised options shall expire at 7:00 p.m. CT on the last day of trading
Trading Hours	Open Outcry : 7:20 a.m. – 2:00 p.m. CT, Monday – Friday CME Globex : 5:00 p.m. – 4:00 p.m. CT, Sunday – Friday Trading in expiring options ceases at the close of the regular CME Globex trading session for the corresponding 2-Year Treasury Note futures contracts.
Ticker Symbols	Open Outcry Calls/Puts : TUC/TUP Weekly Options : TW1-5 CME Globex : OZT Weekly Options : ZT1-5

Contract Specifications

5-Year Treasury Note Futures		10-Year Treasury Note Futures
Contract Size	One U.S. Treasury note having a face value at maturity of \$100,000	
Deliverable Grades	Original maturity of not more than 5 years and 3 months and a remaining maturity of not less than 4 years and 2 months as of the first day of the delivery month	Original maturity of not more than 10 years and a remaining maturity of not less than 6 years 6 months from the first day of the delivery month
Price Quote	Points (\$1,000) and quarters of 1/32 of a point. For example, 119-16 represents 119 16/32, 119-162 represents 119 16.25/32, 119-165 represents 119 16.5/32 and 119-167 represents 119 16.75/32.	Points (\$1,000) and halves of 1/32 of a point. For example, 126-16 represents 126 16/32 and 126-165 represents 126 16.5/32.
Tick Size	The minimum price fluctuation shall be one-quarter of one thirty-second (1/32) of one point (\$7.8125 rounded up to the nearest cent per contract) including intermonth spreads. Par shall be on the basis of 100 points.	The minimum price fluctuation shall be one-half of one thirty-second (1/32) of one point (\$15.625 rounded up to the nearest cent per contract) except for intermonth spreads, where the minimum price fluctuation shall be one-quarter of one thirty-second of one point (\$7.8125 rounded up to the nearest cent per contract). Par shall be on the basis of 100 points.
Contract Months	The first five consecutive contracts in the March, June, September and December quarterly cycle	
Last Trading Day	The last business day of the contract expiry month	Seventh business day preceding the last business day of the delivery month
Last Delivery Day	Third business day following the last trading day	Last business day of the delivery month
Delivery Method	Federal Reserve book-entry wire-transfer system	
Trading Hours	Open Outcry: 7:20 a.m. – 2:00 p.m. Central Time (CT), Monday – Friday CME Globex: 5:00 p.m. – 4:00 p.m. CT, Sunday – Friday Trading in expiring contracts closes at 12:01 p.m. CT on the last trading day.	
Ticker Symbols	Open Outcry: FV CME Globex: ZF	Open Outcry: TY CME Globex: ZN

5-Year Treasury Note Options		10-Year Treasury Note Options
Contract Size	One 5-Year Treasury Note futures contract of a specified delivery month	One 10-Year Treasury Bond futures contract of a specified delivery month
Tick Size	One-half of 1/64 of a point (\$7.8125 rounded up to the nearest cent per contract)	1/64 of a point (\$15.625 rounded up to the nearest cent per contract)
Strike Price Interval	Strike prices will be listed in increments of one-quarter of one point. The minimum strike price range will include the at-the-money strike price closest to the current futures price plus the next thirty consecutive higher and the next thirty consecutive lower strike prices.	Strike prices will be listed in increments of one-half of one point. The minimum strike price range will include the at-the-money strike price closest to the current futures price plus the next fifty consecutive higher and the next fifty consecutive lower strike prices.
Contract Listings	The first three consecutive contract months (two serial expirations and one quarterly expiration) plus the next four months in the March, June, September and December quarterly cycle. Weekly Options : Weeks 1-5, corresponding to the Fridays of each month where there is not a serial or quarterly expiration. Quarterlies will exercise into futures contracts of the same delivery period. Serial and Weekly Options will exercise into the first nearby quarterly futures contract.	
Last Trading Day	Options cease trading on the last Friday, which precedes by at least two business days, the last business day of the month preceding the option month. Weekly Options : A given Friday that is not also the last trading day of a quarterly or serial option.	
Exercise	American-style. The buyer of a futures option may exercise the option on any business day prior to expiration by giving notice to CME Clearing by 6:00 p.m. CT. Options that expire in-the-money are automatically exercised into a position, unless specific instructions are given to CME Clearing.	
Expiration	Unexercised options shall expire at 7:00 p.m. CT on the last day of trading	
Trading Hours	Open Outcry: 7:20 a.m. – 2:00 p.m. CT, Monday – Friday CME Globex: 5:00 p.m. – 4:00 p.m. CT, Sunday – Friday Trading in expiring options ceases at the close of the regular CME Globex trading session for the corresponding Treasury Note futures contracts.	
Ticker Symbols	Open Outcry Calls/Puts: FL /FP Weekly Options : FV1-5 CME Globex: OZF Weekly Options : ZF1-5	Open Outcry Calls/Puts: TC/ TP Weekly Options : TY1-5 CME Globex: OZN Weekly Options : ZN1-5

Contract Specifications

Treasury Bond Futures		Ultra Treasury Bond Futures
Contract Size	One U.S. Treasury bond having a face value at maturity of \$100,000	
Deliverable Grades	If callable, is not callable for at least 15 years from the first day of the delivery month or, if not callable, has a maturity of at least 15 years from the first day of the delivery month. Note: Beginning with the March 2011 expiry, the deliverable grade for T-Bond futures will be bonds with remaining maturity of at least 15 years, but less than 25 years, from the first day of the delivery month.	Remaining maturity of not less than 25 years from the first day of the delivery month
Price Quote	Points (\$1,000) and 1/32 of a point. For example, 134-16 represents 134 16/32.	
Tick Size	The minimum price fluctuation shall be one thirty-second (1/32) of one point (\$31.25) except for intermonth spreads, where the minimum price fluctuation shall be one-quarter of one thirty-second point of one point (\$7.8125 per contract). Par shall be on the basis of 100 points.	
Contract Months	The first three consecutive contracts in the March, June, September and December quarterly cycle	
Last Trading Day	Seventh business day preceding the last business day of the delivery month	
Last Delivery Day	Last business day of the delivery month	
Delivery Method	Federal Reserve book-entry wire-transfer system	
Trading Hours	Open Outcry: 7:20 a.m. – 2:00 p.m. Central Time (CT), Monday – Friday CME Globex: 5:00 p.m. – 4:00 p.m. CT, Sunday – Friday Trading in expiring contracts closes at 12:01 p.m. CT on the last trading day.	
Ticker Symbols	Open Outcry: US CME Globex: ZB	Open Outcry: UL CME Globex: UB

T-Bond Options		Ultra T-Bond Options
Contract Size	One Treasury Bond futures contract of a specified delivery month	One Ultra Treasury Bond futures contract of a specified delivery month
Tick Size	1/64 of a point (\$15.625 rounded up to the nearest cent per contract)	
Strike Price Interval	Strike prices will be listed in increments of one point. The minimum strike price range will include the at-the-money strike price closest to the current futures price, plus the next thirty consecutive higher and the next thirty consecutive lower strike prices.	
Contract Listings	The first three consecutive contract months (two serial expirations and one quarterly expiration) plus the next two months in the March, June, September and December quarterly cycle. Weekly Options: Weeks 1-5, corresponding to the Fridays of each month where there is not a serial or quarterly expiration. Quarterlies will exercise into futures contracts of the same delivery period. Serial and Weekly Options will exercise into the first nearby quarterly futures contract.	
Last Trading Day	Options trading on the last Friday, which precedes by at least two business days, the last business day of the month preceding the option month. Weekly Options: A given Friday that is not also the last trading day of a quarterly or serial option.	
Exercise	American-style. The buyer of a futures option may exercise the option on any business day prior to expiration by giving notice to CME Clearing by 6:00 p.m. CT. Options that expire in-the-money are automatically exercised into a position, unless specific instructions are given to CME Clearing.	
Expiration	Unexercised options shall expire at 7:00 p.m. CT on the last day of trading	
Trading Hours	Open Outcry: 7:20 a.m. – 2:00 p.m. CT, Monday – Friday CME Globex: 5:00 p.m. – 4:00 p.m. CT, Sunday – Friday Trading in expiring T-Bond and Ultra T-Bond options ceases at the close of the regular CME Globex trading session for the corresponding futures contracts.	
Ticker Symbols	Open Outcry Calls/Puts: CG/ PG Weekly Options: US1-5 CME Globex: OZB Weekly Options: ZB1-5	Open Outcry: OUL Weekly Options: UL1-5 CME Globex: OUB Weekly Options: UB1-5

For information on U.S. Treasury futures and options, visit cmegroup.com/interestrates.

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