

# Options on Eris SOFR Swap futures

## Swaption-style risk in listed CME Group options

- European-style options that physically deliver into Eris SOFR Swap futures (Eris SOFR).
- Four consecutive monthly option expiries are listed for 2 year, 5 year and 10 year Eris SOFR tenors.
- With futures-style margining (initial margin and daily variation margin), buyers do not pay premium upfront.
- One option contract delivers into one Eris SOFR contract of \$100,000 notional.
- Call options deliver into long Eris SOFR positions (receive-fixed duration). Put options deliver into short Eris SOFR positions (pay-fixed duration).
- Initial strike listings will vary by tenor, covering approx. 300 basis points (25 – 30) strikes above and below ATM).

## Keep the upside, limit the downside

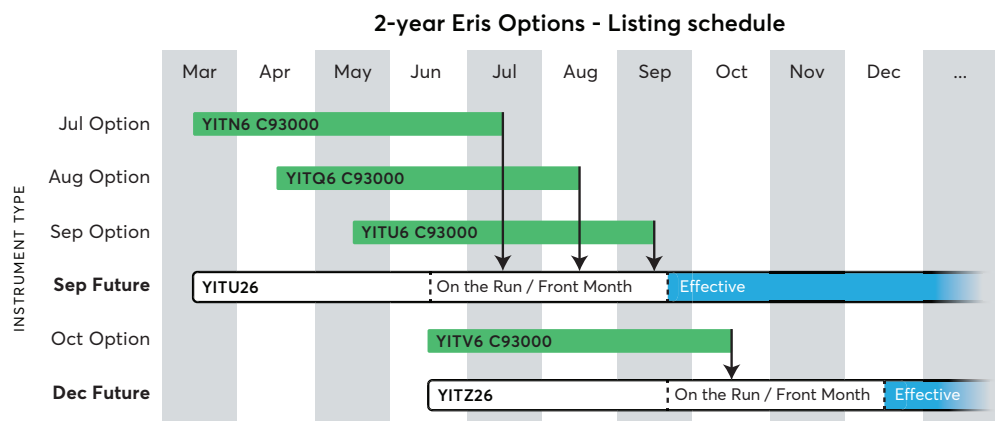
- Enables hedgers to protect against adverse rate movements while retaining upside when rates move favorably.
- No upfront premium. Preserve capital with futures-style margining, similar to forward-premium OTC swaptions.
- Leading options market makers offer two-sided markets from initial listing through contract expiration.
- Eris Options are not subject to uncleared margin rules (UMR) and do not require ISDA agreements.
- Straight-through processing frees the middle office from trade confirmations and counterparty friction.
- Listed, centrally cleared options eliminate swap data repository reporting and minimize credit risk.
- Execute multi-leg trades (e.g., straddles and strangles).

### HOW TO TRADE ERIS OPTIONS

- Participants trade via funded futures account at a CME Group Clearing Member Firm (Futures Commission Merchant).
- Trades can be executed electronically on CME Globex or through privately negotiated block trades.
- Block trade minimum: 50 contracts (\$5 million notional).
- Options expire into the front-month Eris SOFR contract the Friday prior to the third Wednesday of each month.
- At expiration (2:00 p.m. CT), ATM and in-the-money call options auto-exercise into Eris SOFR, while ATM and out-of-the-money put options auto-abandon.

### Eris Options expiry and delivery example

- Call option (receiver) contract term
- 2-year Eris SOFR before effective date
- 2-year Eris SOFR after effective date
- ↓ Physical delivery
- ⋮ Front month, Effective dates



	2-YEAR ERIS OPTIONS	5-YEAR ERIS OPTIONS	10-YEAR ERIS OPTIONS
<b>CONTRACT TITLE</b>	Options on 2-Year Eris SOFR Swap futures	Options on 5-Year Eris SOFR Swap futures	Options on 10-Year Eris SOFR Swap futures
<b>CONTRACT UNIT</b>	One futures contract with face value of \$100,000		
<b>MINIMUM PRICE FLUCTUATION</b>	Outright: 0.01 of one point (0.01 = \$10.00) CAB: 1/2 of 0.01 of one point (0.005 = \$5.00) only under .01 tick		Outright: 0.02 of one point (0.02 = \$20.00) CAB: 0.01 of one point (0.01 = \$10.00) only under .02 tick
<b>PRICE QUOTATION</b>	U.S. dollars and cents per price point		
<b>TRADING AND CLEARING HOURS</b>	<b>CME Globex Pre-Open:</b> Sunday 4:00 p.m. - 5:00 p.m. Central Time (CT); Monday - Thursday 4:45 p.m. - 5:00 p.m. CT <b>CME Globex:</b> Sunday 5:00 p.m. - Friday 4:00 p.m. CT with daily maintenance period from 4:00 p.m. - 5:00 p.m. CT <b>CME ClearPort:</b> Sunday 5:00 p.m. - Friday 5:45 p.m. CT with no reporting Monday - Thursday from 5:45 p.m. - 6:00 p.m. CT		
<b>COMMODITY CODE</b>	YIT	YIW	YIY
<b>LISTING SCHEDULE</b>	Monthly contracts listed for 4 consecutive months (e.g., Jan, Feb, Mar, Apr)		
<b>TERMINATION OF TRADING</b>	Trading terminates Friday before 3rd Wednesday of contract month at 2:00 p.m. CT.		
<b>CME GLOBEX MATCHING ALGORITHM</b>	Q - Threshold Pro-Rate with LMM		
<b>MINIMUM BLOCK LEVEL</b>	50 contracts		
<b>REPORTING WINDOW</b>	15 minutes		
<b>STRIKE PRICE LISTING SCHEDULE</b>	Strike prices will be listed in increments of 0.125, +/- 25 strikes from ATM strike price	Strike prices will be listed in increments of 0.25, +/- 25 strikes from ATM strike price	Strike prices will be listed in increments of 0.5, +/- 25 strikes from ATM strike price
<b>EXERCISE STYLE</b>	European. Following termination of trading (2:00 p.m. CT), options that expire in-the-money are automatically exercised into underlying futures, with no allowance for contrary instruction. Automatic exercise is determined in relation to the daily settlement price of the option's underlying futures contract.		
<b>SETTLEMENT METHOD</b>	Deliverable into underlying futures contracts		
<b>UNDERLYING FUTURES CONTRACT</b>	2-Year Eris SOFR Swap futures / YIT	5-Year Eris SOFR Swap futures / YIW	10-Year Eris SOFR Swap futures / YIY

[cmegroup.com](http://cmegroup.com)

Neither futures trading nor swaps trading are suitable for all investors, and each involves the risk of loss. Swaps trading should only be undertaken by investors who are Eligible Contract Participants (ECPs) within the meaning of Section 1a(18) of the Commodity Exchange Act. Futures and swaps each are leveraged investments 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 either a futures or swaps 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 traders cannot expect to profit on every trade. CME Group, the Globe Logo, CME, Globex, E-Mini, CME Direct, CME DataMine and Chicago Mercantile Exchange are trademarks of Chicago Mercantile Exchange Inc. CBOT is a trademark of the Board of Trade of the City of Chicago, Inc. NYMEX is a trademark of New York Mercantile Exchange, Inc. COMEX is a trademark of Commodity Exchange, Inc. All other trademarks are the property of their respective owners.

The information within this communication has been compiled by CME Group for general purposes only. CME Group assumes no responsibility for any errors or omissions. CME Group does not represent that any material or information contained in this communication is appropriate for use or permitted in any jurisdiction or country where such use or distribution would be contrary to any applicable law or regulation.

Additionally, all examples in this communication 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 superseded by official CME, CBOT, NYMEX and COMEX rules. Current rules should be consulted in all cases concerning contract specifications.

Certain CME Group subsidiaries are authorized and regulated by regulatory authorities. Certain of those subsidiaries are required to retain records of telephone conversations and other electronic communications for a period of 5 to 7 years where required by certain regulation, copies of which are available on request (which may be subject to a fee). For further regulatory information please see [www.cmegroup.com](http://www.cmegroup.com).