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).

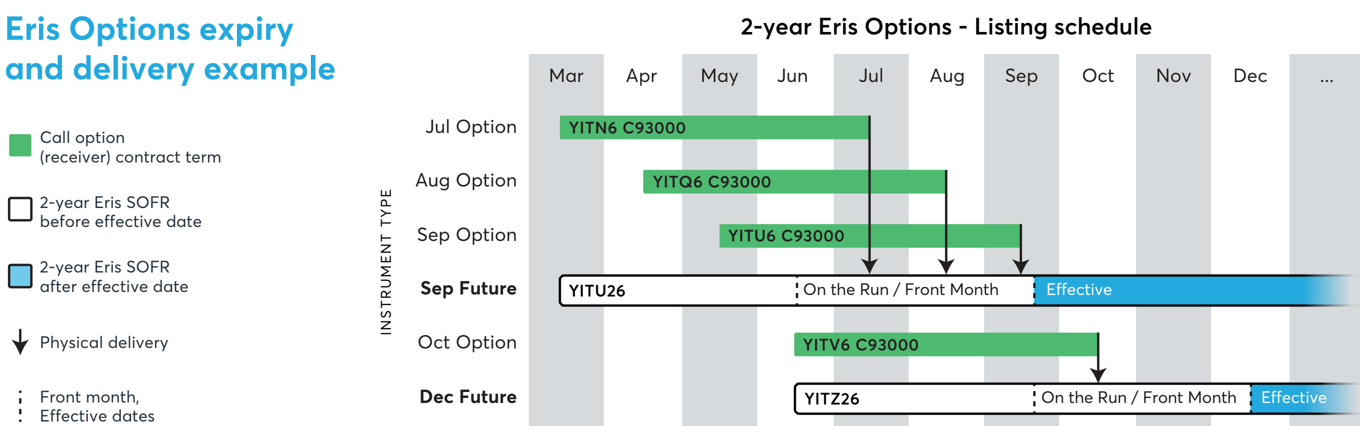
Keep the upside, limit the downside

- 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



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Eris Options

	2-YEAR ERIS OPTIONS	5-YEAR ERIS OPTIONS	10-YEAR ERIS OPTIONS
CONTRACT TITLE	Options on 2-Year Eris SOFR Swap futures	Options on 5-Year Eris SOFR Swap futures	Options on 10-Year Eris SOFR Swap futures
CONTRACT UNIT	One futures contract with face value of $100,000		
MINIMUM PRICE FLUCTUATION	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
PRICE QUOTATION	U.S. dollars and cents per price point		
TRADING AND CLEARING HOURS	**CME Globex Pre-Open:** Sunday 4:00 p.m. - 5:00 p.m. Central Time (CT); Monday - Thursday 4:45 p.m. - 5:00 p.m. CT **CME Globex:** 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 **CME ClearPort:** 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		
COMMODITY CODE	YIT	YIW	YIY
LISTING SCHEDULE	Monthly contracts listed for 4 consecutive months (e.g., Jan, Feb, Mar, Apr)		
TERMINATION OF TRADING	Trading terminates Friday before 3rd Wednesday of contract month at 2:00 p.m. CT.		
CME GLOBEX MATCHING ALGORITHM	Q - Threshold Pro-Rata with LMM		
MINIMUM BLOCK LEVEL	50 contracts		
REPORTING WINDOW	15 minutes		
STRIKE PRICE LISTING SCHEDULE	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, +/- 30 strikes from ATM strike price	Strike prices will be listed in increments of 0.5, +/- 25 strikes from ATM strike price
EXERCISE STYLE	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.		
SETTLEMENT METHOD	Deliverable into underlying futures contracts		
UNDERLYING FUTURES CONTRACT	2-Year Eris SOFR Swap futures / YIT	5-Year Eris SOFR Swap futures / YIW	10-Year Eris SOFR Swap futures / YIY

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