

INTEREST RATE PRODUCTS

# U.S. Treasury Futures and Options

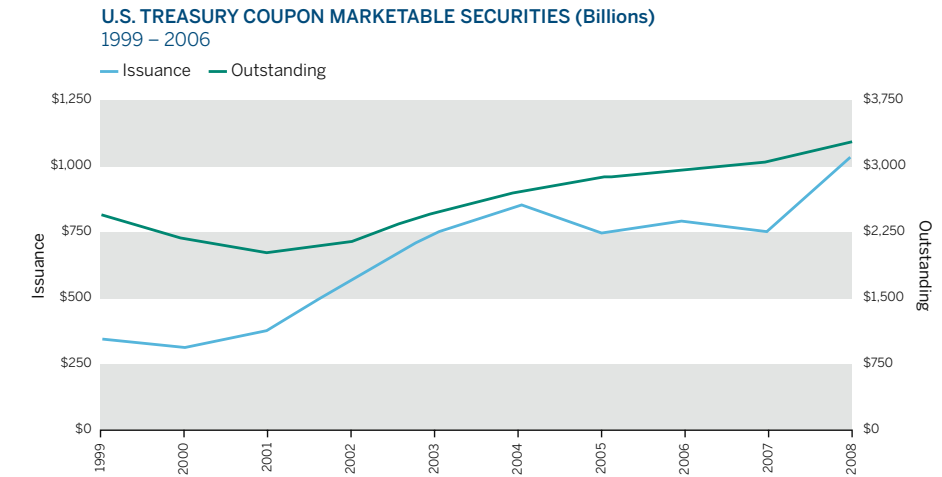
U.S. Treasury futures and options play an important role in the risk management strategies of global market participants.

## 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 2-Year, 5-Year and 10-Year Treasury Notes and 30-Year Treasury Bonds 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 March 2009, 3-Year Treasury Note futures were added to the Treasury complex. This provides a distinct pricing benchmark for the 3-year sector of the yield curve and allows the market to respond to the surge in 3-year issuance initiated by the U.S. Treasury Department in November 2008.

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.



Source: U.S. Treasury Department

Block trading is now available for U.S. Treasury futures and options. Visit [www.cmegroup.com/blocks](http://www.cmegroup.com/blocks) for more information, including minimum thresholds and reporting time requirements.

In addition, predefined, implied intercommodity spreads between the various Treasury futures contracts, and between Treasury futures and Interest Rate Swaps futures, are available on CME Globex. For more information, including current spread ratios, visit [www.cmegroup.com/ics](http://www.cmegroup.com/ics).

## Market Participants

- banks
- pension fund managers
- bond dealers
- corporate treasurers
- hedge fund managers
- investment bankers
- portfolio managers
- insurance companies
- mortgage bankers

# CONTRACT SPECIFICATIONS: 2-YEAR TREASURY NOTE AND 3-YEAR TREASURY NOTE

2-YEAR U.S. TREASURY NOTE FUTURES		3-YEAR U.S. 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, 91-16 represents 91 16/32, 91-162 represents 91 16.25/32, 91-165 represents 91 16.5/32, and 91-167 represents 91 16.75/32.	
Tick Size	The minimum price fluctuation shall be one-quarter of one thirty-second (1/32) of one point (\$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	<p>Open Outcry: 7:20 a.m. – 2:00 p.m. Central Time (CT), Monday – Friday</p> <p>CME Globex: 5:30 p.m. – 4:00 p.m. CT, Sunday – Friday</p> <p>Trading in expiring contracts closes at 12:01 p.m. CT on the last trading day</p>	
Ticker Symbols	<p>Open Outcry: TU</p> <p>CME Globex: ZT</p>	<p>Open Outcry: 3YR</p> <p>CME Globex: Z3N</p>

2-YEAR U.S. TREASURY NOTE OPTIONS	
Contract Size	One 2-Year U.S. Treasury Note futures contract (of a specified delivery month)
Tick Size	One-half of 1/64 of a point (\$15.625/contract) rounded up to the nearest cent/contract
Strike Price Interval	One-quarter point (\$500/contract) to bracket the current 2-Year T-Note futures price. For example, if 2-Year T-Note futures are at 94-00, strike prices may be set at 93.25, 93.50, 93.75, 94.00, 94.25, 94.50, 94.75, etc.
Contract Months	The first three consecutive contract months (two serial expirations and one quarterly expiration) plus the next four months in the quarterly cycle (Mar, Jun, Sep, Dec). Serials will exercise into the first nearby quarterly futures contract. Quarterlies will exercise into futures contracts of the same delivery period.
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
Exercise	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	<p>Open Outcry: 7:20 a.m. – 2:00 p.m. CT, Monday – Friday</p> <p>CME Globex: 5:30 p.m. – 4:00 p.m. CT, Sunday – Friday</p> <p>Trading in expiring options ceases at the close of the regular daytime open outcry trading session for the corresponding 2-Year Treasury Note futures contracts</p>
Ticker Symbols	<p>Open Outcry: TUC for calls, TUP for puts</p> <p>CME Globex: OZTC for calls, OZTP for puts</p>

# CONTRACT SPECIFICATIONS: 5-YEAR TREASURY NOTE AND 10-YEAR TREASURY NOTE

	5-YEAR U.S. TREASURY NOTE FUTURES	10-YEAR U.S. 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, 84-16 represents 84 16/32, 84-162 represents 84 16.25/32, 84-165 represents 84 16.5/32 and 84-167 represents 85 16.75/32.	Points (\$1,000) and halves of 1/32 of a point. For example, 84-16 represents 84 16/32, 84-165 represents 84 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.	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 per contract 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. CT, Monday – Friday CME Globex: 5:30 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 U.S. TREASURY NOTE OPTIONS	10-YEAR U.S. TREASURY NOTE OPTIONS
Contract Size	One 5-Year U.S. Treasury Note futures contract (of a specified delivery month)	One 10-Year U.S. Treasury Bond futures contract (of a specified delivery month)
Tick Size	One-half of 1/64 of a point (\$7.8125/contract) rounded up to the nearest cent/contract	1/64 of a point (\$15.625/contract) rounded up to the nearest cent/contract
Strike Price Interval	One-half point (\$500/contract) to bracket the current underlying futures price. For example, if futures are at 94-00, strike prices may be set at 92.5, 93, 93.5, 94, 94.5, 95, 95.5, etc.	
Contract Months	The first three consecutive contract months (two serial expirations and one quarterly expiration) plus the next four months in the quarterly cycle (Mar, Jun, Sep, Dec). Serials will exercise into the first nearby quarterly futures contract. Quarterlies will exercise into futures contracts of the same delivery period.	
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.	
Exercise	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: 5:30 p.m. – 4:00 p.m. CT, Sunday – Friday Trading in expiring options ceases at the close of the regular daytime open outcry trading session for the corresponding Treasury Note futures contracts	
Ticker Symbols	Open Outcry: FC for calls, FP for puts CME Globex: OZFC for calls, OZFP for puts	Open Outcry: TC for calls, TP for puts CME Globex: OZNC for calls, OZNP for puts

# CONTRACT SPECIFICATIONS: 30-YEAR TREASURY BOND

30-YEAR U.S. TREASURY BOND FUTURES	
Contract Size	One U.S. Treasury bond having 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
Price Quote	Points (\$1,000) and halves of 1/32 of a point. For example, 84-16 represents 84 16/32, 84-165 represents 84 16.5/32
Tick Size	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 point of one point (\$7.8125 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	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. CT, Monday – Friday CME Globex: 5:30 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

30-YEAR U.S. TREASURY BOND OPTIONS	
Contract Size	One 30-Year U.S. Treasury Bond futures contract (of a specified delivery month)
Tick Size	1/64 of a point (\$15.625/contract) rounded up to the nearest cent/contract
Strike Price Interval	One point (\$1,000/contract) to bracket the current 30-year T-bond futures price. For example, if 30-Year T-Bond futures are at 92-00, strike prices may be set at 89, 90, 91, 92, 93, 94, 95, etc.
Contract Months	The first three consecutive contract months (two serial expirations and one quarterly expiration) plus the next four months in the quarterly cycle (Mar, Jun, Sep, Dec). Serials will exercise into the first nearby quarterly futures contract. Quarterlies will exercise into futures contracts of the same delivery period.
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.
Exercise	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: 5:30 p.m. – 4:00 p.m. CT, Sunday – Friday Trading in expiring options ceases at the close of the regular daytime open outcry trading session for the corresponding 30-Year Treasury Bond futures contracts
Ticker Symbols	Open Outcry: CG for calls, PG for puts CME Globex: OZBC for calls, OZBP for puts

For information on U.S. Treasury futures and options, visit [www.cmegroup.com/interestrates](http://www.cmegroup.com/interestrates).

#### CME GROUP HEADQUARTERS

20 South Wacker Drive  
Chicago, Illinois 60606  
cmegroup.com

info@cmegroup.com  
800 331 3332  
312 930 1000

#### CME GROUP GLOBAL OFFICES

<b>Chicago</b>	312 930 1000	<b>New York</b>	212 299 2000	<b>Houston</b>	713 658 9292
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