

## FREQUENTLY ASKED QUESTIONS

# Options on Micro E-mini S&P 500 and Nasdaq-100 Index Futures



CME Group will launch Options on Micro E-mini S&P 500 and Nasdaq-100 futures contracts on August 31, 2020.\*

### 1. Why is CME Group choosing to launch these products?

Micro E-mini Futures launched in May 2019 and have been the most successful product launch in CME Group history. Since launch, nearly 300M contracts have traded across four indices offering participants more access to the most liquid equity index markets while providing more precision and capital efficiency to the individual trader's portfolio.

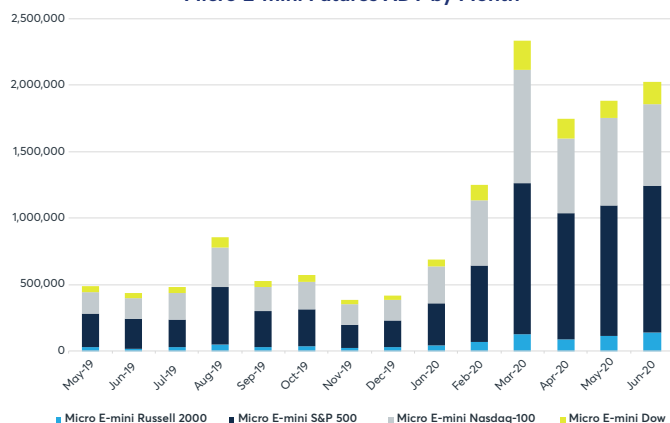
Building on the success of the Micro E-mini futures contract, CME plans to introduce options on these liquid futures contracts to provide another tool for participants to express their view-on the equity market.

Similar to the differences between E-mini and Micro E-mini futures contracts, these recently announced Micro E-mini options contracts will be 1/10 the size of their E-mini counterparts.

### 3. Are there plans to launch Options on Micro E-mini Russell 2000 and Micro E-mini Dow futures?

Based upon market participant feedback and existing volume trends on the Micro E-mini futures, this launch will focus on introducing options on the Micro E-mini S&P 500 and Micro E-mini Nasdaq-100 futures contracts. CME will continue to evaluate both the demand for and the underlying ecosystem readiness for other E-mini options.

Micro E-mini Futures ADV by Month



\*Pending regulatory approval

### 2. How will these products be different from the classic E-mini options?

E-mini S&P 500 and E-mini Nasdaq-100 options are the most popular options on futures contracts in the world. They have been in market since 1997 and 1999 respectively and have provided liquidity and risk management capabilities since their launch. Options on Micro E-mini futures will further add to this ecosystem by allowing greater precision at a lower capital cost with these "smaller sized" options contracts.

## PRODUCT DETAILS

### 4. What are the contract specifications?

	MICRO E-MINI S&P 500 OPTIONS	MICRO E-MINI NASDAQ-100 OPTIONS
Underlying Future	MES	MNQ
Underlying Futures Multiplier	\$5	\$2
Contract Unit	1 MES Future	1 MNQ Future
Listed Contracts	<ul style="list-style-type: none"> <li>• 3 Weekly Fridays on the week 1, 2, and 4 cycle</li> <li>• 2 Weekly Fridays on the week 3 cycle</li> <li>• 3 End of Month Options</li> <li>• 2 Quarterly Options on the Mar, Jun, Dec, Sep cycle</li> </ul>	
Exercise Procedure	Quarterly Options: American Style Non-Quarterly Options: European Style	
Settlement at Expiration	Option exercise results in a position in the underlying cash-settled futures contract	

### Minimum Price Increments

	REGULAR TICK	REDUCED TICK	CAB
Micro E-mini S&P 500	0.25 index points = \$1.25 for premium above 5.00 index points	0.05 index points = \$0.25 for premium at or below 5.00 index points	0.05 index points = \$0.25
Micro E-mini Nasdaq-100	0.25 index points = \$0.50 for premium above 5.00 index points	0.05 index points = \$0.10 for premium at or below 5.00 index points	0.05 index points = \$0.10

Subject to change and CFTC approval

- **Micro E-mini S&P 500 Index futures and options contract specifications:** [cmegroup.com/trading/equity-index/us-index/micro-e-mini-sandp-500\\_contract\\_specifications.html](http://cmegroup.com/trading/equity-index/us-index/micro-e-mini-sandp-500_contract_specifications.html)
- **Micro E-mini Nasdaq-100 Index futures and options contract specifications:** [cmegroup.com/trading/equity-index/us-index/micro-e-mini-nasdaq-100\\_contract\\_specifications.html](http://cmegroup.com/trading/equity-index/us-index/micro-e-mini-nasdaq-100_contract_specifications.html)

### 5. What are the codes for these products?

	QUARTERLY	END OF MONTH	FRIDAY WEEKLY
Micro E-mini S&P 500 Futures	MES	EX	EX1-EX4
Micro E-mini Nasdaq-100 Futures	MNQ	MQE	MQ1-MQ4

### 6. What are the vendor options codes?

	UNDERLYING INDEX (BLOOMBERG)	BLOOMBERG	THOMSON REUTERS
Micro E-mini S&P 500 Futures	SPX	Tbd	Tbd
Micro E-mini Nasdaq-100 Futures	NDX	Tbd	Tbd

### 7. How many contracts will be listed at a given time?

CME will list 5 Friday Weeklies (2 of which are non-Quarterly 3rd Fridays), 3 End-of-Months, and 2 Quarterly contracts.

CONTRACT	HOW MANY ARE LISTED?
Weekly	At any given time, three nearest weeks of EX1 <MQ1>, EX2 <MQ2>, and EX4 <MQ4> (Weeks 1, 2, & 4) and two nearest weeks of EX3 <MQ3> (Week 3) will be listed for trading
EOM	Monthly contracts listed for 3 consecutive months for expiration on the last business day of the month.
Quarterly	Two months in the March Quarterly Cycle (Mar, Jun, Sep, Dec) that will expire on the third Friday of the quarterly month

Assuming that today is September 1, 2020, the below illustrates what the listing cycle would look like. As shown, Micro E-mini options can provide flexibility and precision to participants with the 5 Fridays listed along with an expiration ~6 months away.



### 8. What are the trading hours on CME Globex?

Sunday – Friday 5:00 p.m. – 4:00pm CT with a trading halt from 3:15 p.m. – 3:30 p.m. CT

## CONTRACT MECHANICS

### 9. What are the Exercise Procedures for these contracts?

Exercise procedures for the Options on Micro E-mini futures will mimic their E-mini options counterparts:

	WEEKLY	END OF MONTH	QUARTERLY
American			X
European	X	X	

**American:** An option can be exercised until 5:30pm CT on any business day that the option is traded. Option exercise results in a position in the underlying cash-settled futures contract. Please contact your broker/FCM as they may have an earlier deadline for same-day exercise.

In-the-money options, in the absence of contrarian instructions delivered to the Clearing House by 5:30pm CT on the day of expiration, are automatically exercised into expiring cash-settled futures, which settle to the SOQ calculated the morning of the 3rd Friday of the contract month.

**European:** Exercisable only on expiration day.

Options which are in-the-money on the last day of trading are automatically exercised. A 3pm CT price fixing based on the weighted average traded price fixing (symbol ESF & NQF) of the E-mini S&P 500 futures and E-mini Nasdaq-100 futures in the last 30 seconds of trading on expiration day (2:59:30 p.m.-3:00:00 p.m. CT) will be used to determine which options are in-the-money

### 10. What is the methodology for determining the expiration day special fixing price?

The fixing price is the volume-weighted average price in E-mini S&P 500 futures, traded during the 30-second period leading up to 3:00 p.m. CT. Only outright trades of the E-mini S&P 500 futures in the corresponding contract month shall be included in the calculation. Spread trades involving the corresponding contract month of the E-mini S&P 500 futures shall be disregarded for the purpose of the fixing calculation.

This fixing price will be disseminated immediately using the symbol "ESF" for S&P 500 & "NQF" for Nasdaq-100.

## FEE & MARGIN DETAILS

### 11. What are the fees for Micro E-mini contracts?

Micro E-mini S&P 500 and Nasdaq-100 products will be part of the Micro E-mini Equity Index futures and options suite according to the [CME Fee Schedule](#).

### 12. Are these products included in the CME Equity Product Volume Discounts?

No - similar to the Micro E-mini futures contracts, Options volume will not count towards the current E-mini volume-based fee discounts available to members.

### 13. Can the Micro E-mini options be offset against the classic E-mini counterparts?

Yes, European-style Options on Micro E-mini futures are offset eligible versus their E-mini counterparts at 10:1 ratio (50:1 ratio for MES:SP). This can only be applied to offsetting positions. Request can be made by your clearing broker directly to the CME Clearing House.

## ADDITIONAL INFORMATION

### 14. How can I see prices for Micro E-mini Index futures and options?

Delayed quotes will be available online on the CME Group website. You can also access quotes through major quote vendors.

### 15. How can I get access to CME Globex?

To access CME Globex, you must have a relationship with a CME Clearing Member Firm.

[Learn more about connecting to CME Globex.](#)

### 16. Where can I find more information on Micro E-mini products?

Visit [activetrader.cmegroup.com/Microemini/](http://activetrader.cmegroup.com/Microemini/) for the latest information. You can fill out the form on this page to stay informed of Micro E-mini product updates.

Learn more at [activetrader.cmegroup.com/microemini-options](http://activetrader.cmegroup.com/microemini-options)

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