



20 South Wacker Drive Chicago, IL 60606-7499 www.cme.com 312/930.1000 tel 312/466.4410 fax

December 16, 2003

Ms. Jean A. Webb  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

Re: Section 5c(c)(1), Regulation 40.6 Submission. Exchange Certification for Amended Rule 101A01.E-Exercise Prices. CME Submission #03-112.

Dear Ms. Webb:

Chicago Mercantile Exchange Inc. hereby informs the Commission regarding the following amendments to Options on Live Cattle Futures.

The amendments to Rule 101A01.E-Exercise Prices expand the strike price range for options with 1-cent intervals from 10 cents to 14. The amendments are effective on Wednesday, December 17, 2003.

The amendments are as follows, with the additions underlined and deletions overstruck and bracketed.

**OPTIONS ON LIVE CATTLE FUTURES**

**101A01. OPTION CHARACTERISTICS**

**E. Exercise Prices**

**1. Options in the February Bi-Monthly Cycle**

The exercise prices shall be stated in terms of cents per pound. For all contract months, exercise prices shall be at intervals of 2¢; e.g., 60¢, 62¢, 64¢, etc. In addition, for the first two contract month, some exercise prices shall also be at intervals of 1¢; e.g., 60¢, 61¢, 62¢, etc., as is described below.

At the commencement of option trading in a contract month, the Exchange shall list put and call options at intervals of 2¢ in a range 14¢ above and below the previous day's settlement price of the underlying futures contract. When a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through an exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or next lower) exercise price within a 14¢ range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

When a contract becomes the second nearest contract month in the February bi-monthly cycle, the Exchange shall add exercise prices at 1¢ intervals at a range [~~10¢~~] 14¢ above and below the previous day's settlement

December 16, 2003

#03-112

Page 2

price. Thereafter, when a sale, bid, offer, or settlement price occurs at, or passes through, any exercise price, the Exchange shall on the next trading day list put and call options at the next higher (or next lower) exercise price within a [~~10¢~~] 14¢ range above (or below) the exercise price through which the underlying futures sale, bid, offer, or settlement price occurred. In addition, when a sale, bid, offer, or settlement price occurs at, or passes through, any even-numbered exercise prices; e.g., 60¢, 62¢, 64¢, the Exchange shall on the next trading day list put and call options at the next higher (or next lower) even-numbered exercise price within a 14¢ range above (or below) the exercise price through which the underlying futures sale, bid, offer, or settlement price occurred. New options may be listed for trading up to and including the termination of trading.

The Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

The Exchange certifies that this action neither violates nor is inconsistent with any provision of the Commodity Exchange Act or of the rules thereunder.

If you require any additional information regarding this action, please do not hesitate to contact Mr. Jack Cook at 312-930-3295 or via e-mail at [jcook@cme.com](mailto:jcook@cme.com). We would be appreciative if you could reference our CME Submission #03-112 in any related correspondence.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Labuszewski". The signature is fluid and cursive, with a large initial "J" and "L".

John W. Labuszewski, Director  
Research & Product Development