



Chicago Mercantile Exchange

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April 8, 2004

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 of Amendments
for Rules 403A01.E., 405A01.E., 406A01.E., 407A01.E., 408A01.E.,
409A01.E. Exercise Prices.
CME Submission #04-29

Dear Ms. Webb:

Chicago Mercantile Exchange Inc. hereby informs the Commission regarding the
following amendments to Options on all CME Weather Futures.

The amendments to Rules 403A01.E., 405A01.E., 406A01.E., 407A01.E., 408A01.E.,
409A01.E. Exercise Prices are twofold.

1. Revise the strike interval from 50 index points to 10 for all CME
monthly and seasonal weather contracts.
2. Increase the strike range from 100 index points to 350 for **only** CME
monthly weather contracts.

The amendments are effective on Monday, May 10, 2004.

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

403A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Degree Days Index futures contract. ~~[that is deliverable upon exercise of the option.]~~ In addition, exercise prices shall also be at intervals of 10 index points (e.g., 710, 720, 730, etc.).

~~[For the first two contract months, exercise prices shall be at intervals of 50 CME Degree Days Index points (e.g., 700, 750, 800, etc.). In addition, for options on the contract month nearest to expiration, some exercise prices shall also be at intervals of 10 index points (e.g., 710, 720, 730, etc.).]~~

At the commencement of option trading in a contract month, the Exchange shall list put and call options at intervals of ~~[50]~~ 10 index points in a range of ~~[100]~~ 350 index points ~~[(150 index points for December and January New York La Guardia Airport (WBAN 14732) and 350 index points for the January and February Boston Logan International Airport (WBAN 14739))]~~ above and below the previous day's settlement price of the underlying futures contract. Thereafter, when the settlement price in the underlying futures contract occurs at or passes through any exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or lower) exercise price within a ~~[100]~~ 350-point range above (or below) the settlement price. New options may be listed for trading up to and including the termination of trading.

~~[Furthermore, for options on the contract month nearest to expiration, the Exchange shall list put and call options at intervals of 10 index points in a range of 100 index points above and below the previous day's settlement price of the underlying futures contract.]~~

~~[Thereafter, when a settlement price in the underlying futures contract occurs at or passes through any exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or lower) exercise price within a 100 point range (150 index points for December and January New York La Guardia Airport (WBAN 14732) and 350 index points for the January and February Boston Logan International Airport (WBAN 14739)) above (or below) settlement price. 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.

405A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Seasonal Degree Days Index futures contract. ~~[that is deliverable upon exercise of the option.]~~ In addition, exercise prices shall be at intervals of 10 CME Seasonal Degree Days Index points (e.g., 4510, 4520, 4530, etc.).

~~[For all contract months, exercise prices shall be at intervals of 50 CME Seasonal Degree Days Index points (e.g., 4500, 4550, 4600, etc.).]~~

At the commencement of options trading in a contract month, the Exchange shall list put and call options at intervals of ~~[50]~~ 10 index points in a range of 1000 points above and

below the previous day's settlement price of the underlying futures contract. Thereafter, when a settlement price in the underlying futures contract occurs at or passes through any exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or lower) exercise price in a 1000-point range above (or below) settlement price. 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.

406A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME European HDD Index futures contract. ~~[that is deliverable upon exercise of the option.]~~ In addition, exercise prices shall also be at intervals of 10 index points (e.g., 710, 720, 730, etc.).

~~[For the first two contract months, exercise prices shall be at intervals of 50 CME European HDD Index points (e.g., 700, 750, 800, etc.). In addition, for options on the contract month nearest to expiration, some exercise prices shall also be at intervals of 10 index points (e.g., 710, 720, 730, etc.).]~~

At the commencement of option trading in a contract month, the Exchange shall list put and call options at intervals of ~~[50]~~ 10 index points in a range of ~~[100]~~ 350 index points above and below the previous day's settlement price of the underlying futures contract. Thereafter, when the settlement price in the underlying futures contract occurs at or passes through any exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or lower) exercise price within a ~~[100]~~350-point range above (or below) the settlement price. New options may be listed for trading up to and including the termination of trading.

~~[Furthermore, for options on the contract month nearest to expiration, the Exchange shall list put and call options at intervals of 10 index points in a range of 100 index points above and below the previous day's settlement price of the underlying futures contract. Thereafter, when a settlement price in the underlying futures contract occurs at or passes through any exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or lower) exercise price within a 100 point range above (or below) settlement price. 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.

407A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME European Seasonal HDD Index futures contract. ~~[that is deliverable upon exercise of the option.]~~ In addition, exercise prices shall be at intervals of 10 CME Seasonal Degree Days Index points (e.g., 4510, 4520, 4530, etc.).

~~[For all contract months, exercise prices shall be at intervals of 50 CME European Seasonal HDD Index points (e.g., 4500, 4550, 4600, etc.).]~~

At the commencement of options trading in a contract month, the Exchange shall list put and call options at intervals of [50] 10 index points in a range of 1000 points above and below the previous day's settlement price of the underlying futures contract. Thereafter, when a settlement price in the underlying futures contract occurs at or passes through any exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or lower) exercise price in a 1000-point range above (or below) settlement price. 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.

408A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME European CAT Index futures contract. ~~[that is deliverable upon exercise of the option.]~~ In addition, exercise prices shall also be at intervals of 10 index points (e.g., 710, 720, 730, etc.).

~~[For the first two contract months, exercise prices shall be at intervals of 50 CME European CAT Index points (e.g., 700, 750, 800, etc.). In addition, for options on the contract month nearest to expiration, some exercise prices shall also be at intervals of 10 index points (e.g., 710, 720, 730, etc.).]~~

At the commencement of option trading in a contract month, the Exchange shall list put and call options at intervals of [50] 10 index points in a range of [100] 350 index points above and below the previous day's settlement price of the underlying futures contract. Thereafter, when the settlement price in the underlying futures contract occurs at or passes through any exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or lower) exercise price within a [100] 350-point range above (or below) the settlement price. New options may be listed for trading up to and including the termination of trading.

~~[Furthermore, for options on the contract month nearest to expiration, the Exchange shall list put and call options at intervals of 10 index points in a range of 100 index points above and below the previous day's settlement price of the underlying futures contract. Thereafter, when a settlement price in the underlying futures contract occurs at or passes through any exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or lower) exercise price within a 100 point range above (or below) settlement price. 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.

409A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME European Seasonal CAT Index futures contract. ~~[that is deliverable upon exercise of the option.]~~ In addition, exercise prices shall be at intervals of 10 CME Seasonal Degree Days Index points (e.g., 4510, 4520, 4530, etc.).

~~[For all contract months, exercise prices shall be at intervals of 50 CME European Seasonal CAT Index points (e.g., 4500, 4550, 4600, etc.).]~~

At the commencement of options trading in a contract month, the Exchange shall list put and call options at intervals of ~~[50]~~ 10 index points in a range of 1000 points above and below the previous day's settlement price of the underlying futures contract. Thereafter, when a settlement price in the underlying futures contract occurs at or passes through any exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or lower) exercise price in a 1000-point range above (or below) settlement price. 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. Charles Piszczor at 312-930-4536 or via e-mail at cpiszczor@cme.com. We would be appreciative if you could reference our CME Submission #04-29 in any related correspondence.

Sincerely,



John W. Labuszewski, Director
Research & Product Development