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June 3, 2004

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

RE: Section 5c(c) and Regulation §40.6(a) Submission, Exchange Certification for a Change to the Interpretation to Rule 135.A., and Additional Information Regarding the CME East European Currency Futures and Options Contract Launch. CME Submission 04-47.

Dear Ms. Webb:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commission under the exchange certification procedure, that the CME Board of Directors, on Wednesday, May 5, 2004, approved the launch of CME's six East European currency futures and options contracts (Czech koruna, Hungarian forint, Polish zloty versus both the U.S. dollar and Euro) on Sunday, July 11, 2004 for GLOBEX® trading and Monday, July 12, 2004, for the trading floor. On Wednesday, June 2, 2004, the CME Board of Directors also approved the following pre-launch preparations (Trading Hours, Initial Contract Month Listings, Membership Access/New Products Access Program, Reportable Positions, All-Or-None and Block Trading Minimum Thresholds, GLOBEX Error Trade Policy, and Price Banding).

**I. TRADING HOURS (CHICAGO TIME)**

**GLOBEX (Sunday through Thursday)**

**Futures**

5:00 p.m. (trading opens for the next trade date) to 4:00 p.m. the following day on regular trading days and Sundays

**Options**

5:00 p.m. (trading opens for next trade date) to 7:05 a.m. the following day, when trading on GLOBEX halts until the 2:30 p.m. reopening, where trading continues until 4:00 p.m.

**TRADING FLOOR (Monday through Friday)**

**Futures**

7:20 a.m. to 2:00 p.m., except on the last day of trading for the expiring futures contract, when trading terminates at 9:16 a.m.

**Options**

7:20 a.m. to 2:00 p.m., including the last day of trading.

20 South Wacker Drive, Chicago IL 60606-7499, Tel. 312-930-1000

## II. INITIAL CONTRACT MONTHS AND LISTING PROCEDURES

CME will list for trading the following initial futures contracts on the Czech koruna, Hungarian forint, Polish zloty versus the U.S. dollar and Euro.

### INITIAL FUTURES CONTRACT MONTHS

<u>Outrights</u>	<u>Floor</u>	<u>GLOBEX</u>	<u>Expiration</u>
Quarter 1	September 2004	September 2004	September 13, 2004
Quarter 2	December 2004	December 2004	December 13, 2004
Quarter 3	March 2005	March 2005	March 14, 2005
Quarter 4	June 2005	June 2005	June 13, 2005
Quarter 5	September 2005	September 2005	September 19, 2005
Quarter 6	December 2005	December 2005	December 19, 2005

<u>Calendar Spreads</u>	<u>Floor *</u>	<u>GLOBEX</u>
Quarter 2 vs. Quarter 1		December 2004 and September 2004

<u>Inter-Commodity Spreads</u>	<u>Floor*</u>	<u>GLOBEX</u>
Non-Calendar Spreads		None listed at this time

\*Please note that there is no definition or restrictions on the trading of CME East European currency futures calendar spreads and inter-commodity spreads on the Trading Floor. These may be traded to the extent that the trading floor community (brokers, locals, desk managers) develops conventions for quotation.

The futures listing schedule includes six March quarterly cycle months.

### FUTURES CONTRACT MONTH LISTING PROCEDURES

CME will list for trading on the trading floor the next March quarterly futures contract month not yet listed for trading on the business day following termination of the nearby March quarterly futures contract month. However, in order to affect this listing procedure, the new contract month will be listed initially on GLOBEX on the afternoon of the termination of trading day and then listed also on the trading floor the next day. Therefore, CME will list the March 2006 futures contract month initially on GLOBEX on the afternoon of Monday, September 13, 2004, for the GLOBEX trade date of Tuesday, September 14, 2004, which is the day following the Monday, September 13, 2004, termination of trading day for the September 2004 futures contract month. Then on Tuesday, September 14, 2004, the March 2006 futures contract month will be listed for trading on the trading floor.

CME will list for trading the following initial options contracts.

### INITIAL OPTIONS CONTRACT MONTHS

<u>Outrights</u>	<u>Floor</u>	<u>GLOBEX</u>	<u>Expiration</u>
Quarter 1	September 2004	September 2004	September 3, 2004
Quarter 2	December 2004	December 2004	December 3, 2004
Quarter 3	March 2005		March 4, 2005
Quarter 4	June 2005		June 3, 2005

<u>Serial</u>	<u>Floor</u>	<u>GLOBEX</u>	<u>Expiration</u>
Serial 1	August 2004	August 2004	August 6, 2004
Serial 2	October 2004	October 2004	October 8, 2004

#### INITIAL OPTIONS CONTRACT MONTHS (Continued)

<u>Weekly</u>	<u>Floor</u>	<u>GLOBEX</u>	<u>Expiration</u>
Week 1 – 4 (Added at a later date)	n.a.	n.a.	n.a.

The options listing schedule includes four March quarterly cycle months, 2 serial months and 4 weekly options, however, the weekly options will be added for floor trading at a later date.

#### OPTIONS CONTRACT MONTH LISTING PROCEDURES

For the trading floor, CME will list the next March quarterly options contract month not yet listed for trading on the business day following termination of the nearby March quarterly options contract month. Therefore, CME will list the September 2005 options contract month on the trading floor on the morning of Tuesday, September 7, 2004, which is the business day following the Friday, September 3, 2004, termination of trading day for the September 2004 options contract month.

For GLOBEX trading, CME will also list the next March quarterly options contract month not yet listed for trading on GLOBEX on the business day following termination of the nearby March quarterly options contract month. Therefore, CME will list the March 2005 options contract month on GLOBEX on the afternoon of Sunday, September 5, 2004 (day preceding Labor Day Holiday) for the GLOBEX trade date of Tuesday, September 7, 2004, which is the business day following the Friday, September 3, 2004, termination of trading day for the September 2004 options contract month.

Similarly, the November 2004 serial options contract month will be listed for trading on GLOBEX on the afternoon of Sunday, August 8, 2004, for the trade date of Monday, August 9, 2004, which is the business day following the Friday, August 6, 2004, termination of trading day for the August 2004 serial contract month. The November 2004 serial options contract month will be listed for trading on the trading floor on Monday, August 9, 2004. Please note that the four weekly options will not be listed for trading initially when the contracts are introduced, but may be added for trading at a later date.

### III. MEMBERSHIP ACCESS/NEW PRODUCT ACCESS PROGRAM

The CME East European currency futures contracts are allocated to the IMM Division and the associated options on futures are allocated to the IOM Division. The CME East European futures and options contracts (both U.S. dollar based and Euro based) are included in the Exchange's "New Product Access Program" under CME Rule 194 – **NEW PRODUCT ACCESS PROGRAM**. One effect of this provision is that GEM members trading these products are charged lessee clearing fee rates rather than out-of-division rates for a limited time.

GEM members wanting to spread CME East European currency futures and options with the CME Euro FX contracts (IMM futures or IOM options) will enter orders for those trades either simultaneously with or after the East European currency leg. Additions are underlined in the interpretation of Rule 135.A. REGARDING ALLOWABLE SPREADS FOR GEM MEMBERS, which is attached as Appendix 1. Appendix 2 provides a clean version of the interpretation.

#### **IV. REPORTABLE POSITION LEVELS**

For purposes of Rule 817 – **REPORTS OF LARGE POSITIONS**, the minimum levels at which positions must be reported to the Exchange is 25.

#### **V. ALL-OR-NONE TRADING**

All-Or-None (AON) trading for the CME East European currency contracts (both U.S. dollar based and Euro based) will be allowed at minimum thresholds of 5 contracts for the futures and 100 contracts for the options. AON trading will be conducted in same location as regular pit-trading, that is, the inter-commodity spread trading area between the Euro FX futures and Swiss franc futures pits.

#### **VI. BLOCK TRADING**

Block trading is allowed in the CME East European currency options on futures contracts (both U.S. dollar based and Euro based) at minimum thresholds of 250 contracts. Block trading of CME East European currency futures is not allowed.

#### **VII. GLOBEX ERROR TRADE POLICY**

The standard GLOBEX error trade policy for CME foreign exchange futures will apply to the CME East European currency futures. This includes a no bust range of "20 ticks or less" which currently applicable for all foreign currency futures. No rules changes are required.

#### **VIII. GLOBEX PRICE BANDS**

As with our existing currency contracts, there are no price limits for GLOBEX or for floor trading CME East European currency contracts. However, for GLOBEX trading, automated price banding prevents execution of orders at prices falling outside of 60 ticks for outright trades and 20 ticks for spread trades from the last sale, best bid or best offer. Price banding prevents the entry of limit orders more than a pre-determined amount above the last price in the case of bids and more than the same pre-determined amount below the last price in the case of offers. The band "shadows" the currency futures price as it reacts to new transaction prices, higher bids and lower offers. The GLOBEX bands minimize inadvertent price entries into GLOBEX. No rule changes are required.

Members/shareholders will be notified of the information above and amendments to the interpretation of CME rules described above in CME Update 04-06, dated Monday, June 7, 2004.

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June 3, 2004  
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If you require any additional information regarding this action, please do not hesitate to contact Mr. Steven Youngren at 312-930-4583 or via e-mail at [syoungre@cme.com](mailto:syoungre@cme.com). Please reference our CME Submission 04-47 on all future correspondence regarding this notification.

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

Attachments

## Appendix 1: Amended Rules

(Additions are underlined.)

### INTERPRETATION OF RULE 135.A. REGARDING ALLOWABLE SPREADS FOR GEM MEMBERS

Rule 135.A. provides that GEM members may not while on the floor of the Exchange enter orders for products of other Divisions except for bona fide spread transactions involving products within the GEM Division and that GEM members may not solicit business from the floor of the Exchange except for business in products traded in the GEM Division and bona fide spreads involving such products.

The only allowable spreads involving non—GEM products that GEM members may enter into or solicit while on the trading floor are listed below:

GSCI	with	Live Cattle and Lean Hogs
Russell 2000	with	S&P 500, S&P Mid-Cap
S&P/Barra Growth and Value	with	S&P 500, S&P Mid-Cap
Live Cattle Serial (Odd) Months	with	Live Cattle Even Months*
<u>East European Currencies</u>	<u>with</u>	<u>Euro FX</u>
CME\$INDEX™	with	Euro FX, Japanese yen, British pound, Swiss franc, Australian dollar, Canadian dollar, Swedish krona
E-mini NASDAQ Composite	with	E-mini NASDAQ-100, E-Mini S&P 500, E-Mini MidCap 400, E-Mini Russell 2000, S&P SmallCap 600, Russell 1000, Financial SPCTR, Technology SPCTR.
CPI	with	Eurodollar
Yen Denominated Nikkei 225	with	Dollar Denominated Nikkei 225

\* Provided the GEM member also maintains a Serial Month Live Cattle Permit.

When such spreads are executed on a legged basis, the GEM leg of the spread must always precede the non—GEM leg with the exception of the Live Cattle Serial Months/Live Cattle Even Months spread where either leg may be executed first. Please note that these restrictions do not apply to spreads in which all of the component parts are GEM products.

## Appendix 2: Clean Copy of Amended Rules

### INTERPRETATION OF RULE 135.A. REGARDING ALLOWABLE SPREADS FOR GEM MEMBERS

Rule 135.A. provides that GEM members may not while on the floor of the Exchange enter orders for products of other Divisions except for bona fide spread transactions involving products within the GEM Division and that GEM members may not solicit business from the floor of the Exchange except for business in products traded in the GEM Division and bona fide spreads involving such products.

The only allowable spreads involving non--GEM products that GEM members may enter into or solicit while on the trading floor are listed below:

GSCI	with	Live Cattle and Lean Hogs
Russell 2000	with	S&P 500, S&P Mid-Cap
S&P/Barra Growth and Value	with	S&P 500, S&P Mid-Cap
Live Cattle Serial (Odd) Months	with	Live Cattle Even Months*
East European Currencies	with	Euro FX
CME\$INDEX™	with	Euro FX, Japanese yen, British pound, Swiss franc, Australian dollar, Canadian dollar, Swedish krona
E-mini NASDAQ Composite	with	E-mini NASDAQ-100, E-Mini S&P 500, E-Mini MidCap 400, E-Mini Russell 2000, S&P SmallCap 600, Russell 1000, Financial SPCTR, Technology SPCTR.
CPI	with	Eurodollar
Yen Denominated Nikkei 225	with	Dollar Denominated Nikkei 225

\* Provided the GEM member also maintains a Serial Month Live Cattle Permit.

When such spreads are executed on a legged basis, the GEM leg of the spread must always precede the non-GEM leg with the exception of the Live Cattle Serial Months/Live Cattle Even Months spread where either leg may be executed first. Please note that these restrictions do not apply to spreads in which all of the component parts are GEM products.