

CONFIDENTIAL

July 21, 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 Strike Range and Interval Changes for All US and European CME Weather Options.  
CME Submission #04-70

Dear Ms. Webb:

Chicago Mercantile Exchange Inc. hereby informs the Commission regarding the revisions to the strike range and intervals for all US and European CME Weather Options.

These changes will become effective on Monday, July 26, 2004.

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

**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.]~~ Eligible exercise prices shall also be at intervals of 1 index point (e.g., 710, 711, 712, 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 eligible [Exchange shall list] put and call options are at intervals of [50]1 index point in a range of [100] 1 to 1500 index points for CDD months and a range of 1 to 3200 index points for HDD months upon demand evidenced in the options pit. [(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 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.] Eligible exercise prices shall be at intervals of 1 CME Seasonal Degree Days Index point (e.g., 4510, 4511, 4512, 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 eligible ~~[Exchange shall list]~~ put and call options are at intervals of [50] 1 index point in a range of 1 to 7500 index points for the CDD season and a range of 1 to 16,000 index points for the HDD season upon demand evidenced in the options pit. ~~[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.]~~ Eligible exercise prices shall also be at intervals of 1 index point (e.g., 710, 711, 712, 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 eligible ~~[Exchange shall list]~~ put and call options are at intervals of [50] 1 index point in a range of [100] 1 to 1700 index points for HDD months upon demand evidenced in the options pit. ~~[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 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.]~~ Eligible exercise prices shall be at intervals of 1 CME Seasonal Degree Days Index point (e.g., 4510, 4511, 4512, 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 eligible ~~[Exchange shall list]~~ put and call options are at intervals of ~~[50]~~ 1 index point in a range of ~~[4000]~~ 1 to 8500 index points for a seasonal HDD upon demand evidenced in the options pit. ~~[above and below the previous day's settlement price. 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.]~~ Eligible exercise prices shall also be at intervals of 1 index point (e.g., 710, 711, 712, 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 eligible [~~Exchange shall list~~] put and call options are at intervals of [~~50~~] 1 index point in a range of [~~100~~] 1 to 1300 index points for CAT months upon demand evidenced in the options pit. [~~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-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.~~] Eligible exercise prices shall be at intervals of 1 CME Seasonal Degree Days Index point (e.g., 4510, 4511, 4512, 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 eligible [~~Exchange shall list~~] put and call options at intervals of [~~50~~] 1 index point in a range of [~~1000~~] 1 to 6500 index points for a seasonal CAT upon demand evidenced in the options pit. [~~above and below the previous day's settlement price. 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.

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](mailto:cpiszczor@cme.com). We would be appreciative if you could reference our CME Submission #04-70 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 long horizontal stroke extending to the right.

John W. Labuszewski, Director  
Research & Product Development