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OFFICE OF THE SECRETARIAT



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July 24, 2006

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

**RE: Section 5c(c) and Regulations §40.2 and §40.6(a) Submission, Exchange Certification for
Amendments to the Cash Settlement Rules for the CME Korean Won Versus
U.S. Dollar Futures Contracts.
CME Submission 06-68.**

Dear Ms. Donovan:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby certifies with the Commission amendments to the cash settlement rules for CME Korean Won / U.S. Dollar Futures contract that provide for a backup procedure to determine the futures contract Final Settlement Price whenever the primary settlement rate option is unavailable at termination of trading. The Exchange is adding an Interpretation to Chapter 271 specifying the methodology of the non-deliverable forward (NDF) market for calculation of an alternate Korean won spot rate by the Singapore Foreign Exchange Market Committee (SFEMC) in the event the primary settlement option is unavailable. The Korean Won / U.S. dollar spot price for settlement purposes for the Korean won NDFs (*i.e.*, "KRW KFTC18 (KRW02)") and the settlement rate option used for the CME Korean won futures contract Final Settlement Price are identical.¹ The Exchange certifies that these amendments to the futures contracts comply with the Act and rules thereunder. As indicated in CME Submission 06-56, dated June 22, 2006, CME will initiate trading on CME Globex[®] in these futures and options contracts on Sunday, September 17, 2006 at 5:00 p.m. for the trade date of Monday, September 18, 2006. The first weekly American-style exercise options termination of trading will be Friday, September 29, 2006. The first monthly futures and options contracts cash-settlement at termination will be on Monday, October 16, 2006 for the October 2006 contract months.

1. Amendments to the Cash Settlement Rules to Add Backup Procedures

CME has concluded discussions with EMTA, Inc., the Foreign Exchange Committee and the Singapore Foreign Exchange Market Committee (SFEMC) concerning the CME's use of the non-deliverable forward (NDF) market backup procedures for cash settlement of CME Asian NDF-style foreign exchange futures contracts when the primary settlement rate option is unavailable. As the Commission will recall, CME adopted backup procedures for the CME Russian ruble futures contract that

¹ The daily Korean won versus U.S. dollar benchmark exchange rate is reported by the Korea Financial Telecommunication and Clearing Corporation (KFTC) and determined by the Seoul Money Brokerage Service Limited (SMBS). This rate is published on Reuters page "KFTC18" and Telerate page "45644."

Ms. Eileen Donovan
July 24, 2006
Page 2 of 8

were analogous to the NDF market's "EMTA RUB Indicative Survey Rate" procedures for when the CME/EMTA Russian Ruble Reference Rate was unavailable to cash settle Dollar/Ruble NDF transactions. Similarly, the Asian FX NDF-trading community sees benefit in CME using analogous backup procedures to settle its KRW futures contracts when the primary rates are not published (see footnote 1). These backup procedures ensure that the NDF transactions and CME futures contracts will settle together in most situations. This reduces basis risk between the NDFs and the CME futures, and promotes hedging between the futures and the NDF markets, and prevents unnecessary confusion in market practices.

In the case of the CME Asian NDF-style futures contracts, here, Korean won futures, if the primary rate is unavailable, final settlement will be deferred for up to 14 calendar days. Then in the event of no published rate for 14 consecutive calendar days, on Day 15 the SFEMC sponsors a survey of dealers for an "indicative rate" as defined in the backup procedure methodology (see the text of the new Interpretation to CME Chapter 271). If a SFEMC indicative rate is determined, NDFs and the futures settle using the same rate. If a SFEMC indicative rate is not determined on Day 15, then SFEMC's agent (currently, Moneyline/Telerate) surveys again on Day 16 and if no rate, the survey is done again on Day 17. If a SFEMC indicative rate is determined then, NDFs and futures settle to the same rate. If SFEMC's agent does not get a SFEMC indicative rate on Day 17, then on Day 18 NDFs get settled bilaterally by "Calculation Agents," usually a third party mutually agreed upon at the time of the NDF contract's origin, and CME settles its futures contracts by Emergency action, using all available information to aid the Board in its decision. CME has amended the cash settlement sections of CME Korean Won futures contracts to provide for these backup procedures. An interpretation has been added to the CME Korean Won versus the U.S. Dollar futures contract (CME Chapter 271) that details the methodology that SFEMC and its agent follow to calculate the "SFEMC KRW Indicative Survey Rate" when the primary KFTC18 published KRW rates are unavailable.

Appendix 1 presents rule amendments with additions underlined and deletions bracketed and overstruck. Appendix 2 displays a clean copy of the rule amendments. Please note also that a typographical error is corrected in the first paragraph of the cash settlement rule, where "seven" is substituted for the word "eight" to denote the proper decimal precision of the Final Settlement Price rounding rule.

Members/shareholders will be notified of these amendments in the next CME Special Executive Report issued regarding the CME Korean Won futures and options contracts.

If you require any additional information, please do not hesitate to contact Mr. Steven Youngren at 312-930-4583 or via e-mail at syoungre@cme.com. Please reference our CME Submission 06-68 on all future correspondence regarding this notification.

Sincerely,



John W. Labuszewski
Managing Director, Research & Product Development

Attachments

Appendix 1

CHAPTER 271 Korean Won Futures

Additions are underlined and deletions are bracketed and overstruck.

Rules 27100 through 27102.A. are unchanged.

27102. SETTLEMENT PROCEDURES

27102.A. [Reserved]

27102.B. Cash Settlement

All Korean Won futures contracts remaining open after the close of trading on the termination of trading day shall be liquidated by cash settlement at a price equal to the Final Settlement Price. Final Settlement Price is equal to the reciprocal of the spot exchange rate of Republic of Korea won per U.S. dollar as reported on the termination of trading day by Korea Financial Telecommunication and Clearing Corporation (KFTC) and determined by the Seoul Money Brokerage Service Limited (SMBS), which appears on (1) the Reuters KFTC18 Page to the right of the caption "USD Today" and also on (2) the Telerate Page 45644 to the right of the caption "Today." The reciprocal will be rounded to ~~[eight]~~ seven decimal places. The reported KFTC18 rate and Telerate Page 45644 rate represent spot market activity for value on the second succeeding Korean business day. The Republic of Korea Ministry of Finance and Economy (MOFE) has designated SMBS as the institution responsible for the calculation and announcement of the basic exchange rate of Korea won against major currencies. This spot exchange rate is published at about 3:30 p.m. Seoul Time on the rate calculation date, but no later than 9:00 a.m. Seoul Time (6:00 p.m. Central time in the winter and 7:00 p.m. Central time in the summer) on the next Korean business day. This rate is used widely by the interbank foreign exchange market to cash settle non-deliverable forward contracts for Korean won versus U.S. dollars. All open positions at the termination of trading will be cash settled to the reciprocal of this rate when it is available.

In the event that the spot exchange rate of Korean Won per U.S. dollar is not reported by Korea Financial Telecommunication and Clearing Corporation (KFTC) and/or determined by the Seoul Money Brokerage Service Limited (SMBS) on the CME Korean Won futures contract Termination of Trading day, and therefore, CME cannot determine the CME Korean Won Final Settlement Price, then final settlement of the CME Korean Won futures contract may be deferred or postponed for up to 14 consecutive calendar days. This procedure is intended to correspond to the deferral or postponement procedure followed by the inter-bank non-deliverable forward ("NDF") market to cash-settle NDF transactions, pursuant to recognized market practices as published by EMTA, Inc., the Foreign Exchange Committee and the Singapore Foreign Exchange Market Committee ("SFEMC"). Upon the reporting of the spot exchange rate of Korean Won per U.S. dollar by KFTC and calculated by SMBS prior to the lapse of such 14-day period, CME shall determine the Final Settlement Price using the reciprocal of such KFTC rate rounded to seven decimal places, and the CME Korean Won futures contract shall be cash settled on such day. If however, 14 consecutive calendar days pass without publication of the KFTC rate, CME shall otherwise determine the Final Settlement Price. See next paragraph.

After the lapse of 14 consecutive calendar days without publication of the KFTC rate, the Final Settlement Price may be calculated and published by CME on the next business day using the SFEMC KRW Indicative Survey Rate ("KRW Indicative Survey Rate"), if available. The KRW Indicative Survey Rate is proposed to be published by SFEMC (or its designee) and posted on the public portion of SFEMC and EMTA's website following the continuous unavailability of the KFTC rate for 14 calendar days in order to provide the NDF market with a back-up rate source for valuation of certain outstanding non-deliverable foreign exchange transactions if the KFTC rate cannot be published for an extended period of time. The procedures for the SFEMC KRW Indicative Survey are defined in the Interpretation to this chapter.

However, if SFEMC fails to publish the KRW Indicative Survey Rate on the first business day following the lapse of the valuation postponement or deferral period described above, and the KFTC rate is also unavailable, then SFEMC shall repeat efforts to obtain the KRW Indicative Survey Rate each day for an additional two business days. If on either of these two business days the KFTC rate is published, then final settlement of the CME Korean won futures contracts shall be to the reciprocal of the first of these rates published, rounded to seven decimal places. However, if the KFTC rate is unavailable and the SFEMC publishes the KRW Indicative Survey Rate on either of these two business days, then the final settlement of the CME Korean won futures contracts shall be to the reciprocal of the first of these rates published, rounded to seven decimal places. If the SFEMC does not publish the KRW Indicative Survey Rate on either of these two business days, then Rule 27103 shall apply to determine the Final Settlement Price. See next paragraph.

However, in the event that the Exchange President determines that the Clearing House is not able to determine a Final Settlement Price pursuant to any of the preceding sections and the Interpretation to this chapter, then Rule 27103 and Rule 701 shall apply to determine the Final Settlement Price.

27103. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)

INTERPRETATION TO CHAPTER 271

Effective, May 17, 2006, EMTA, Inc., the Foreign Exchange Committee ("FXC") and the Singapore Foreign Exchange Market Committee ("SFEMC") adopted amendments to the December 1, 2004 non-deliverable forward ("NDF") template procedures for six Asian currencies, which included a "SFEMC KRW Indicative Survey" ("KRW Indicative Survey") to be conducted in certain circumstances when the official closing "exchange rate of Korean Won per U.S. dollar" as reported by the Korea Financial Telecommunication and Clearing Corporation (KFTC) and determined by the Seoul Money Brokerage Service Limited (SMBS) is unavailable for settlement of expiring non-deliverable forward ("NDF") Korean Won versus U.S. dollar transactions. The KRW Indicative Survey results in the calculation of the "SFEMC KRW Indicative Survey Rate" ("KRW Indicative Survey Rate"), which can be used by the NDF market to settle non-deliverable Korean Won / U.S. Dollar transactions in defined circumstances. In order to reduce basis risk for market participants trading both NDF Korean Won transactions and CME Korean Won futures and options on futures contracts, CME has also adopted procedures to settle terminated CME Korean Won futures contracts to the reciprocal of the KRW Indicative Survey Rate when the KRW KFTC18 rate has been unavailable for 14 consecutive calendar days. The following sets forth the EMTA, FXC and SFEMC methodology for the KRW Indicative Survey.

The SFEMC KRW Indicative Survey

For purposes of determining the SFEMC KRW Indicative Survey Rate ("KRW Indicative Survey Rate") for any Valuation Date, SFEMC (or a service provider SFEMC may select in its sole discretion) shall conduct a survey of financial institutions ("KRW Indicative Survey") for such date.

- **Commencing the KRW Indicative Survey:** SFEMC (itself or through a service provider SFEMC will select in its sole discretion) will conduct a survey of financial institutions for the purpose of determining the SFEMC KRW Indicative Survey Rate, beginning at 11:00 a.m. (Singapore time) or as soon thereafter as practicable on a Business Day in Seoul (or a calendar day that would have been a Business Day but for an Unscheduled Holiday), following any 14 calendar day period during which valuation is deferred or postponed (or both).
- **Polled Banks:** For purposes of determining the KRW Indicative Survey Rate for a Valuation Date, SFEMC (itself or through a service provider) will survey financial institutions that are active participants in the KRW/U.S. Dollar market (each, a "Participating Bank") and included in a current list of Participating Banks published on the SFEMC's website (www.sfemc.org) (the "Publication Site"). Only one office of each financial institution will be included as a Participating Bank in each KRW Indicative Survey.
- **Survey Question:** Each Participating Bank will be asked to provide its reasonable judgment of what is (or, in the case of an Unscheduled Holiday, would be) the current prevailing free market KRW spot rate (bid-offer pair) for a standard size KRW/U.S. Dollar wholesale financial transaction for same-day settlement in the Seoul marketplace on the Valuation Date. In arriving at this indicative quotation, each Participating Bank will be directed to take such factors into consideration as it deems appropriate, which factors may (but need not) include any or all of the following: the spot rate(s) implied in the offshore non-deliverable foreign exchange market for KRW/U.S. Dollar transactions; the spot rate implied by any other financial market transactions (to the extent that such other financial markets are open for business); the spot rate used in connection with any commercial transactions for goods or services from offshore suppliers or providers; any existing rate for trade finance transactions; and any other existing unofficial rate for KRW/U.S. Dollar transactions (commercial or otherwise).

Use of Survey Results

- SFEMC (itself or through a service provider) will determine the mid-point of each bid-offer pair. The arithmetic mean of the mid-points will be used to determine the KRW Indicative Survey Rate, rounded to the fourth decimal point as describe below.
- If the KRW Indicative Survey results in 21 or more responses, then the 4 highest and 4 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points will be computed and will constitute the KRW Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 4 highest and 4 lowest mid-points, if more than 4 mid-points have the same highest value or lowest value, then only 4 such mid-points shall be eliminated
- If the KRW Indicative Survey results in less than 21 but 11 or more responses, then the 2 highest and 2 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points shall be computed and will constitute the KRW Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 2 highest and 2 lowest mid-points, if more than 2 mid-points have the same highest value or lowest value, then only 2 such mid-points shall be eliminated.
- If the KRW Indicative Survey results in less than 11 but 8 or more responses, then the highest and the lowest mid-points will be eliminated and the arithmetic mean of the remaining mid-points will be computed and will constitute the KRW Indicative Survey Rate for such Valuation Date. For purposes of eliminating the highest and lowest mid-points, if more than 1 mid-point has the same highest value or lowest value, then only 1 such mid-point shall be eliminated.
- If the KRW Indicative Survey results in less than 8 but 5 or more responses, then no mid-points will be eliminated and the arithmetic mean of all mid-points will be computed and will constitute the KRW Indicative Survey Rate for such Valuation Date.
- Quotes will be provided to the fourth decimal point (e.g., 1.0000).

Insufficient Responses

- If the KRW Indicative Survey results in less than 5 responses from Participating Banks ("Insufficient Responses"), no KRW Indicative Survey Rate will be available for the relevant Valuation Date. The next KRW Indicative Survey will take place on the next succeeding Business Day in Seoul (or calendar day that would have been a Business Day but for an Unscheduled Holiday), subject to section below titled "Discontinuing the KRW Indicative Survey."

KRW Indicative Survey Rate Publication

- The KRW Indicative Survey Rate will be published on Publication Site at 3:30 p.m. (Singapore time), or as soon thereafter as practicable.
- As soon as it is determined that the KRW Indicative Survey will result in Insufficient Responses, a notice that no KRW Indicative Survey Rate is available for the Valuation Date will be published on the Publication Site.
- The response of each Participating Bank to the Indicative Survey (bid-off pair) will be available on the Publication Site at 9:00 a.m. (Singapore time) on the first Business Day in Seoul (or calendar day that would have been a Business Day but for an Unscheduled Holiday) following the Business Day on which the relevant KRW Indicative Survey Rate is published, or as soon thereafter as practicable.

Discontinuing the KRW Indicative Survey

- The KRW Indicative Survey will be discontinued (i) on the calendar day first following the Business Day in Seoul on which the KRW KFTC18 (KRW 02) is available for the determination of a Settlement Rate, or (ii) on the calendar day first following polling for the KRW Indicative Survey that results in Insufficient Responses for three consecutive polling days. Notwithstanding the foregoing, nothing herein will be construed to prevent SFEMC from continuing or re-initiating the KRW Indicative Survey at an appropriate time.
- A notice that the KRW Indicative Survey has been discontinued will be published on the Publication Site.

Amendments to the Methodology

- SFEMC may, in its discretion, from time to time, make such administrative, procedural or other modifications to this Methodology as are appropriate to ensure the continued operation and integrity of the KRW Indicative Survey.

Disclaimer

- CME, SFEMC and any service provider SFEMC may select disclaim liability for the use of the SFEMC Indicative Survey Rates and for any action taken in reliance thereon, and CME, SFEMC and any service provider SFEMC may select make no representation and warranty, express or implied, either as to the results (including, without limitation, the accuracy, timeliness or adequacy) obtained from the use of any of the SFEMC Indicative Survey Rates or the methodology for determining any of the SFEMC Indicative Survey Rates and its merchantability or suitability for any particular use.

(End Chapter 271)

Appendix 2

CHAPTER 271 Korean Won Futures

A clean copy of the amended rules.

Rules 27100 through 27102.A. are unchanged.

27102. SETTLEMENT PROCEDURES

27102.A. [Reserved]

27102.B. Cash Settlement

All Korean Won futures contracts remaining open after the close of trading on the termination of trading day shall be liquidated by cash settlement at a price equal to the Final Settlement Price. Final Settlement Price is equal to the reciprocal of the spot exchange rate of Republic of Korea won per U.S. dollar as reported on the termination of trading day by Korea Financial Telecommunication and Clearing Corporation (KFTC) and determined by the Seoul Money Brokerage Service Limited (SMBS), which appears on (1) the Reuters KFTC18 Page to the right of the caption "USD Today" and also on (2) the Telerate Page 45644 to the right of the caption "Today." The reciprocal will be rounded to seven decimal places. The reported KFTC18 rate and Telerate Page 45644 rate represent spot market activity for value on the second succeeding Korean business day. The Republic of Korea Ministry of Finance and Economy (MOFE) has designated SMBS as the institution responsible for the calculation and announcement of the basic exchange rate of Korea won against major currencies. This spot exchange rate is published at about 3:30 p.m. Seoul Time on the rate calculation date, but no later than 9:00 a.m. Seoul Time (6:00 p.m. Central time in the winter and 7:00 p.m. Central time in the summer) on the next Korean business day. This rate is used widely by the interbank foreign exchange market to cash settle non-deliverable forward contracts for Korean won versus U.S. dollars. All open positions at the termination of trading will be cash settled to the reciprocal of this rate when it is available.

In the event that the spot exchange rate of Korean Won per U.S. dollar is not reported by Korea Financial Telecommunication and Clearing Corporation (KFTC) and/or determined by the Seoul Money Brokerage Service Limited (SMBS) on the CME Korean Won futures contract Termination of Trading day, and therefore, CME cannot determine the CME Korean Won Final Settlement Price, then final settlement of the CME Korean Won futures contract may be deferred or postponed for up to 14 consecutive calendar days. This procedure is intended to correspond to the deferral or postponement procedure followed by the inter-bank non-deliverable forward ("NDF") market to cash-settle NDF transactions, pursuant to recognized market practices as published by EMTA, Inc., the Foreign Exchange Committee and the Singapore Foreign Exchange Market Committee ("SFEMC"). Upon the reporting of the spot exchange rate of Korean Won per U.S. dollar by KFTC and calculated by SMBS prior to the lapse of such 14-day period, CME shall determine the Final Settlement Price using the reciprocal of such KFTC rate rounded to seven decimal places, and the CME Korean Won futures contract shall be cash settled on such day. If however, 14 consecutive calendar days pass without publication of the KFTC rate, CME shall otherwise determine the Final Settlement Price. See next paragraph.

After the lapse of 14 consecutive calendar days without publication of the KFTC rate, the Final Settlement Price may be calculated and published by CME on the next business day using the SFEMC KRW Indicative Survey Rate ("KRW Indicative Survey Rate"), if available. The KRW Indicative Survey Rate is proposed to be published by SFEMC (or its designee) and posted on the public portion of SFEMC and EMTA's website following the continuous unavailability of the KFTC rate for 14 calendar days in order to provide the NDF market with a back-up rate source for valuation of certain outstanding non-deliverable foreign exchange transactions if the KFTC rate cannot be published for an extended period of time. The procedures for the SFEMC KRW Indicative Survey are defined in the Interpretation to this chapter.

However, if SFEMC fails to publish the KRW Indicative Survey Rate on the first business day following the lapse of the valuation postponement or deferral period described above, and the KFTC rate is also unavailable, then SFEMC shall repeat efforts to obtain the KRW Indicative Survey Rate each day for an additional two business days. If on either of these two business days the KFTC rate is published, then final settlement of the CME Korean won futures contracts shall be to the reciprocal of the first of these rates published, rounded to seven decimal places. However, if the KFTC rate is unavailable and the SFEMC publishes the KRW Indicative Survey Rate on either of these two business days, then the final settlement of the CME Korean won futures contracts shall be to the reciprocal of the first of these rates published, rounded to seven decimal places. If the SFEMC does not publish the KRW Indicative Survey Rate on either of these two business days, then Rule 27103 shall apply to determine the Final Settlement Price. See next paragraph.

However, in the event that the Exchange President determines that the Clearing House is not able to determine a Final Settlement Price pursuant to any of the preceding sections and the Interpretation to this chapter, then Rule 27103 and Rule 701 shall apply to determine the Final Settlement Price.

27103. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)

INTERPRETATION TO CHAPTER 271

Effective, May 17, 2006, EMTA, Inc., the Foreign Exchange Committee ("FXC") and the Singapore Foreign Exchange Market Committee ("SFEMC") adopted amendments to the December 1, 2004 non-deliverable forward ("NDF") template procedures for six Asian currencies, which included a "SFEMC KRW Indicative Survey" ("KRW Indicative Survey") to be conducted in certain circumstances when the official closing "exchange rate of Korean Won per U.S. dollar" as reported by the Korea Financial Telecommunication and Clearing Corporation (KFTC) and determined by the Seoul Money Brokerage Service Limited (SMBS) is unavailable for settlement of expiring non-deliverable forward ("NDF") Korean Won versus U.S. dollar transactions. The KRW Indicative Survey results in the calculation of the "SFEMC KRW Indicative Survey Rate" ("KRW Indicative Survey Rate"), which can be used by the NDF market to settle non-deliverable Korean Won / U.S. Dollar transactions in defined circumstances. In order to reduce basis risk for market participants trading both NDF Korean Won transactions and CME Korean Won futures and options on futures contracts, CME has also adopted procedures to settle terminated CME Korean Won futures contracts to the reciprocal of the KRW Indicative Survey Rate when the KRW KFTC18 rate has been unavailable for 14 consecutive calendar days. The following sets forth the EMTA, FXC and SFEMC methodology for the KRW Indicative Survey.

The SFEMC KRW Indicative Survey

For purposes of determining the SFEMC KRW Indicative Survey Rate ("KRW Indicative Survey Rate") for any Valuation Date, SFEMC (or a service provider SFEMC may select in its sole discretion) shall conduct a survey of financial institutions ("KRW Indicative Survey") for such date.

- **Commencing the KRW Indicative Survey:** SFEMC (itself or through a service provider SFEMC will select in its sole discretion) will conduct a survey of financial institutions for the purpose of determining the SFEMC KRW Indicative Survey Rate, beginning at 11:00 a.m. (Singapore time) or as soon thereafter as practicable on a Business Day in Seoul (or a calendar day that would have been a Business Day but for an Unscheduled Holiday), following any 14 calendar day period during which valuation is deferred or postponed (or both).
- **Polled Banks:** For purposes of determining the KRW Indicative Survey Rate for a Valuation Date, SFEMC (itself or through a service provider) will survey financial institutions that are active participants in the KRW/U.S. Dollar market (each, a "Participating Bank") and included in a current list of Participating Banks published on the SFEMC's website (www.sfemc.org) (the "Publication Site"). Only one office of each financial institution will be included as a Participating Bank in each KRW Indicative Survey.
- **Survey Question:** Each Participating Bank will be asked to provide its reasonable judgment of what is (or, in the case of an Unscheduled Holiday, would be) the current prevailing free market KRW spot rate (bid-offer pair) for a standard size KRW/U.S. Dollar wholesale financial transaction for same-day settlement in the Seoul marketplace on the Valuation Date. In arriving at this indicative quotation, each Participating Bank will be directed to take such factors into consideration as it deems appropriate, which factors may (but need not) include any or all of the following: the spot rate(s) implied in the offshore non-deliverable foreign exchange market for KRW/U.S. Dollar transactions; the spot rate implied by any other financial market transactions (to the extent that such other financial markets are open for business); the spot rate used in connection with any commercial transactions for goods or services from offshore suppliers or providers; any existing rate for trade finance transactions; and any other existing unofficial rate for KRW/U.S. Dollar transactions (commercial or otherwise).

Use of Survey Results

- SFEMC (itself or through a service provider) will determine the mid-point of each bid-offer pair. The arithmetic mean of the mid-points will be used to determine the KRW Indicative Survey Rate, rounded to the fourth decimal point as describe below.
- If the KRW Indicative Survey results in 21 or more responses, then the 4 highest and 4 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points will be computed and will constitute the KRW Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 4 highest and 4 lowest mid-points, if more than 4 mid-points have the same highest value or lowest value, then only 4 such mid-points shall be eliminated
- If the KRW Indicative Survey results in less than 21 but 11 or more responses, then the 2 highest and 2 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points shall be computed and will constitute the KRW Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 2 highest and 2 lowest mid-points, if more than 2 mid-points have the same highest value or lowest value, then only 2 such mid-points shall be eliminated.
- If the KRW Indicative Survey results in less than 11 but 8 or more responses, then the highest and the lowest mid-points will be eliminated and the arithmetic mean of the remaining mid-points will be computed and will constitute the KRW Indicative Survey Rate for such Valuation Date. For purposes of eliminating the highest and lowest mid-points, if more than 1 mid-point has the same highest value or lowest value, then only 1 such mid-point shall be eliminated.
- If the KRW Indicative Survey results in less than 8 but 5 or more responses, then no mid-points will be eliminated and the arithmetic mean of all mid-points will be computed and will constitute the KRW Indicative Survey Rate for such Valuation Date.
- Quotes will be provided to the fourth decimal point (e.g., 1.0000).

Ms. Eileen Donovan
July 24, 2006
Page 8 of 8

Insufficient Responses

- If the KRW Indicative Survey results in less than 5 responses from Participating Banks ("Insufficient Responses"), no KRW Indicative Survey Rate will be available for the relevant Valuation Date. The next KRW Indicative Survey will take place on the next succeeding Business Day in Seoul (or calendar day that would have been a Business Day but for an Unscheduled Holiday), subject to section below titled "Discontinuing the KRW Indicative Survey."

KRW Indicative Survey Rate Publication

- The KRW Indicative Survey Rate will be published on Publication Site at 3:30 p.m. (Singapore time), or as soon thereafter as practicable.
- As soon as it is determined that the KRW Indicative Survey will result in Insufficient Responses, a notice that no KRW Indicative Survey Rate is available for the Valuation Date will be published on the Publication Site.
- The response of each Participating Bank to the Indicative Survey (bid-off pair) will be available on the Publication Site at 9:00 a.m. (Singapore time) on the first Business Day in Seoul (or calendar day that would have been a Business Day but for an Unscheduled Holiday) following the Business Day on which the relevant KRW Indicative Survey Rate is published, or as soon thereafter as practicable.

Discontinuing the KRW Indicative Survey

- The KRW Indicative Survey will be discontinued (i) on the calendar day first following the Business Day in Seoul on which the KRW KFTC18 (KRW 02) is available for the determination of a Settlement Rate, or (ii) on the calendar day first following polling for the KRW Indicative Survey that results in Insufficient Responses for three consecutive polling days. Notwithstanding the foregoing, nothing herein will be construed to prevent SFEMC from continuing or re-initiating the KRW Indicative Survey at an appropriate time.
- A notice that the KRW Indicative Survey has been discontinued will be published on the Publication Site.

Amendments to the Methodology

- SFEMC may, in its discretion, from time to time, make such administrative, procedural or other modifications to this Methodology as are appropriate to ensure the continued operation and integrity of the KRW Indicative Survey.

Disclaimer

- CME, SFEMC and any service provider SFEMC may select disclaim liability for the use of the SFEMC Indicative Survey Rates and for any action taken in reliance thereon, and CME, SFEMC and any service provider SFEMC may select make no representation and warranty, express or implied, either as to the results (including, without limitation, the accuracy, timeliness or adequacy) obtained from the use of any of the SFEMC Indicative Survey Rates or the methodology for determining any of the SFEMC Indicative Survey Rates and its merchantability or suitability for any particular use.

(End Chapter 271)