

RECEIVED  
C.F.T.C.

2003 NOV -5 AM 9: 50



November 5, 2003

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

RE: Minor changes to Rule **194 NEW PRODUCT ACCESS PROGRAM** and  
**INTERPRETATION OF RULE 135.A. REGARDING ALLOWABLE SPREADS FOR  
GEM MEMBERS**. Submitted per Sec. 5c(c)(1) of the CEA and Regulation Sec. 40.6(a). CME  
Submission # 03-92.

Dear Ms. Webb:

Chicago Mercantile Exchange ("CME" or "Exchange") hereby notifies the Commission of minor changes to Rule **194 NEW PRODUCT ACCESS PROGRAM** and **INTERPRETATION OF RULE 135.A. REGARDING ALLOWABLE SPREADS FOR GEM MEMBERS**. The Board Steering Committee approved these changes at its meeting of Tuesday, November 4, 2003. Members will be notified of these changes in a Special Executive Report to be published on Wednesday, November 5, 2003.

The Exchange certifies that these actions neither violate nor are inconsistent with any portion of the Commodity Exchange Act or of the rules thereunder.

CME is updating Rule **194 NEW PRODUCT ACCESS PROGRAM** to remove an outdated reference to the trading floor in regard to what clearing fee rates participating members pay for eligible products. Currently, some of the newer eligible products under the New Product Access Program trade exclusively on GLOBEX<sup>®</sup>. Therefore, participating members pay lessee clearing fee rates for trading and brokering eligible new products on GLOBEX as well as on the trading floor.

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

Ms. Jean A. Webb  
November 5, 2003  
Page 3 of 5

CME is also updating the **INTERPRETATION OF RULE 135.A. REGARDING ALLOWABLE SPREADS FOR GEM MEMBERS** to add the E-mini<sup>™</sup> NASDAQ<sup>®</sup> Composite to the list of allowable spreads with E-mini NASDAQ-100<sup>®</sup>, E-mini S&P 500<sup>®</sup>, E-mini S&P MidCap 400<sup>™</sup>, E-mini Russell 2000<sup>®</sup>, S&P SmallCap 600<sup>™</sup>, Russell 1000<sup>®</sup>, Financial SPCTR<sup>™</sup> and Technology SPCTR.

The text of these changes is provided in Appendix 1 to this document below - with additions underlined and deletions bracketed and overstruck. A clean copy of the amended section of the rules and the interpretation are provided in Appendix 2 to this document.

Please do not hesitate to contact Ms. Lori Aldinger at 312-930-2337 or [laldinge@cme.com](mailto:laldinge@cme.com) if any questions arise during the processing of this submission. Please reference our CME Submission #03-92 on all future correspondence for this submission.

Sincerely,



John W. Labuszewski, Director  
Research & Product Development

CC: Mr. David Van Wagner  
CFTC Division of Trading and Markets

**Appendix 1: Amended Rules and Interpretation**  
(Additions are underlined while deletions are bracketed and overstruck.)

**194. NEW PRODUCT ACCESS PROGRAM**

(Previous sections of the rule are unchanged.)

**194.F. Clearing Fees**

Participating members will pay lessee clearing fee rates for trading and brokering new products [~~on the trading floor~~].

(Remainder of the rule is unchanged.)

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

(CME Update 96-7, March 25, 1996. Revised June 1997, July 1997, November 2000, November 2001, March 2003.)

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 spread 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*
CMESINDEX™	With	Euro FX, Japanese yen, British pound, Swiss franc, Australian dollar, Canadian dollar, Swedish krona
<u>E-Mini NASDAQ Composite</u>	<u>With</u>	<u>E-Mini NASDAQ-100, E-Mini S&amp;P 500, E-Mini S&amp;P MidCap 400, E-Mini Russell 2000, S&amp;P SmallCap 600, Russell 1000, Financial SPCTR, Technology SPCTR</u>

\*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 and Interpretation

### 194. NEW PRODUCT ACCESS PROGRAM

(Previous sections of the rule are unchanged.)

#### 194.F. Clearing Fees

Participating members will pay lessee clearing fee rates for trading and brokering new products.

(Remainder of the rule is unchanged.)

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

(CME Update 96-7, March 25, 1996. Revised June 1997, July 1997, November 2000, November 2001, March 2003.)

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 spread 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*
CMESINDEX™	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 S&P MidCap 400, E-Mini Russell 2000, S&P SmallCap 600, Russell 1000, Financial SPCTR, Technology SPCTR

\*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.