

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 23-178 (4 of 12)

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 05/04/23 Filing Description: Initial Listing of Twelve (12) European (Essen and Paris) Weather Futures Contracts

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

**Rule Numbers:**

**New Product**

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

Official Product Name: See filing.

**Product Terms and Conditions (product related Rules and Rule Amendments)**

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

Official Name(s) of Product(s) Affected:

Rule Numbers:

May 4, 2023

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**Re: CFTC Regulation 40.2(a) Certification. Initial Listing of Twelve (12) European (Essen and Paris) Weather Futures Contracts. CME Submission No. 23-178 (4 of 12)**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) certifies to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the initial listing of twelve (12) CME European HDD Index Futures, CME European Seasonal Strip HDD Index Futures, CME European CAT Index Futures, and CME European Seasonal CAT Strip Index Futures contracts for the following European cities: Essen and Paris (collectively, the “Contracts”) for trading on the CME Globex electronic platform (“CME Globex”) and for submission for clearing via CME ClearPort as more specifically described below effective on Sunday, May 21, 2023 for trade date Monday, May 22, 2023.

<i>Contract Title/Commodity Code/Rulebook Chapter</i>	<i>Commodity Code</i>	<i>CME Rulebook Chapter</i>
<b>CME European HDD Index Futures ESSEN</b>	406	D4
<b>CME European Seasonal Strip HDD Index Futures ESSEN NOV</b>	407	D4X
<b>CME European Seasonal Strip HDD Index Futures ESSEN DEC</b>	407	D4Z
<b>CME European CAT Index Futures ESSEN</b>	408	G4
<b>CME European Seasonal CAT Strip Index Futures ESSEN CAT MAY</b>	409	G4K
<b>CME European Seasonal CAT Strip Index Futures ESSEN CAT JUL</b>	409	G4N
<b>CME European HDD Index Futures PARIS</b>	406	D1
<b>CME European Seasonal Strip HDD Index Futures PARIS NOV</b>	407	D1X
<b>CME European Seasonal Strip HDD Index Futures PARIS DEC</b>	407	D1Z
<b>CME European CAT Index Futures PARIS</b>	408	G1
<b>CME European Seasonal CAT Strip Index Futures PARIS CAT MAY</b>	409	G1K
<b>CME European Seasonal CAT Strip Index Futures PARIS CAT JUL</b>	409	G1N

The following existing CME product chapters will be amended to include Essen and Paris:

- Chapter 406 CME European HDD Index Futures
- Chapter 407 CME European Seasonal Strip HDD Index Futures
- Chapter 408 CME European CAT Index Futures
- Chapter 409 CME European Seasonal CAT Strip Index Futures

The CME Rulebook chapters are provided in Exhibits A through D. Exhibit E provides the Exchange fees. Exhibit F addresses the applicable position limits and reportable position levels pursuant to Chapter 5 of the CME Rulebook. Exhibit G sets forth the applicable CME Globex non-reviewable trading ranges as prescribed in CME Rule 588.H. Exhibit H provides the market overview.

In a separate but related matter, the Exchange is concurrently listing twenty-four (24) U.S. (Boson, Burbank, Houston and Philadelphia) weather futures contracts for trading on CME Globex and for submission for clearing via CME ClearPort on trade date Monday, May 22, 2023 (see CME Submission No. [23-177](#) also dated May 4, 2023).

## Section 1: Contract Specifications

<i>Contract Title/Rulebook Chapter/Commodity Code</i>	<i>Rulebook Chapter</i>	<i>Commodity Code</i>
<b>CME European HDD Index Futures ESSEN</b>	406	D4
<b>CME European Seasonal Strip HDD Index Futures ESSEN NOV</b>	407	D4X
<b>CME European Seasonal Strip HDD Index Futures ESSEN DEC</b>	407	D4Z
<b>CME European CAT Index Futures ESSEN</b>	408	G4
<b>CME European Seasonal CAT Strip Index Futures ESSEN CAT MAY</b>	409	G4K
<b>CME European Seasonal CAT Strip Index Futures ESSEN CAT JUL</b>	409	G4N
<b>CME European HDD Index Futures PARIS</b>	406	D1
<b>CME European Seasonal Strip HDD Index Futures PARIS NOV</b>	407	D1X
<b>CME European Seasonal Strip HDD Index Futures PARIS DEC</b>	407	D1Z
<b>CME European CAT Index Futures PARIS</b>	408	G1
<b>CME European Seasonal CAT Strip Index Futures PARIS CAT MAY</b>	409	G1K
<b>CME European Seasonal CAT Strip Index Futures PARIS CAT JUL</b>	409	G1N
<i>Trading Unit</i>	<b>European Cities:</b>	€20 (Euros) times the respective CME European HDD/CAT Index
<i>Listing Schedule</i>	<b>HDD Index Futures</b>	21 monthly contracts of Oct, Nov, Dec, Jan, Feb, Mar, Apr
	<b>HDD Nov Seasonal Strip Futures</b>	1 monthly contract of Mar
	<b>HDD Dec Seasonal Strip Futures</b>	1 monthly contract of Feb
	<b>CAT Index Futures</b>	21 monthly contracts of Apr, May, Jun, Jul, Aug, Sep, Oct
	<b>CAT May Seasonal Strip Futures</b>	1 monthly contract Sep
	<b>CAT Jul Seasonal Strip Futures</b>	1 monthly contract of Aug

<i>Initial Listing</i>	July 2023 – March 2024		
<i>Trading and Clearing Hours</i>	CME Globex Pre-Open	Sunday – 4:00 p.m. – 5:00 p.m. Central Time/CT Monday – Thursday 4:45 p.m. – 5:00 p.m. CT	
	CME Globex	Sunday - Friday 5:00 p.m. - 3:15 p.m. CT with daily trading halts 3:15 p.m. - 5:00 p.m.	
	CME ClearPort	Sunday 5:00 p.m. - Friday 5:45 p.m. CT with no reporting Monday - Thursday from 5:45 p.m. – 6:00 p.m. CT	
<i>Minimum Price Increments</i>	<b>European Cities:</b>	1 index point (= €20 per contract)	
<i>Termination of Trading</i>	Trading shall terminate for European cities at 9:00 a.m. CT on the fifth Exchange Business Day after the futures contract month.		
<i>Settlement Type</i>	Financially Settled		
<i>CME Globex Matching Algorithm</i>	T-FIFO (First-In, First Out) with LMM (Lead Market Maker)		
<i>Final Settlement</i>	<b>Essen HDD/CAT</b> <b>Paris HDD/CAT</b>	<p>HDD: All futures contracts remaining open at the termination of trading shall be settled using the respective CME European HDD Index Speedwell Settlement Services Ltd. for that city for that contract month, using the methodology in effect on that date, on the fifth Exchange Business Day after the futures contract month. Each particular CME European HDD Index is the accumulation of like Degree Days over a calendar month. The accumulation period of each CME European HDD Index futures contract begins with the first calendar day of the contract month and ends with the last calendar day of the contract month.</p> <p>CAT: All futures contracts remaining open at the termination of trading shall be settled using the respective CME European CAT Index reported by Speedwell Settlement Services Ltd. for that city for that contract month, using the methodology in effect on that date, on the fifth Exchange Business Day after the futures contract month. Each particular CME European CAT Index is the accumulation of like daily average temperatures over a calendar month. The accumulation period of each CME European CAT Index futures contract begins with the first calendar day of the contract month and ends with the last calendar day of the contract month.</p>	
<i>Position Limits and Reportable Levels</i>		<b>Single Month Accountability Level</b>	<b>Reportable Levels</b>
	<b>Essen HDD/CAT</b>	10,000	25
	<b>Paris HDD/CAT</b>	10,000	25
<i>Block Trade Minimum Threshold and Reporting Window</i>	Minimum Threshold	20 contracts	
	Reporting Window	15 minutes	

## Section 2: Price Reporting Agency

The official weather data that is used to settle our contracts is published by government weather agencies and then supplied to us from Speedwell Settlement Services Ltd. (SSS). In the case of the United States, the National Weather Service (NWS), Federal Aviation Administration (FAA), the Department of Defense (DoD), and the National Oceanic and Atmospheric Administration (NOAA) are responsible for the measurement, recording and issuance of the data. Weather stations used for CME weather contracts are located at major airports or government owned properties having 24 hour/365 day security measures in place to insure the accuracy of the data being reported. Similar to the US, European and Asian governments have implemented similar systems and collect the data in the same way, with the same authority and oversight.

These weather stations serve a vital function to air traffic safety around the world. Data readings from these stations are used to determine such things as flying and de-icing conditions. Therefore, the accuracy and security of these instruments are a high priority for these government agencies. Instrument placement is usually out on the property in remote secure locations, so as not to be affected by jet engine or tarmac heat radiation and most importantly human tampering.

### **Settlement Data**

Raw Data Weather Elements that have been processed to produce Certified Data, and when needed, Calculated Data.

### **Data Certification**

Data Certification involves the process of detecting data problems (Gross Errors and Missing Data) and then correcting those problems by removing and replacing problem values with Estimated Values.

As weather data is being released, a number of weather data suppliers are monitoring the data for any unusual readings. If a reading were to be an outlier or missing it would be reported to the issuing agency to verify for accuracy and/or correction. Weather data suppliers, such as Speedwell, not only monitor the data from specific CME weather locations, but also the data from nearby sites as one means to verify for the accuracy of data being issued by the reporting agency. Speedwell is an industry leader in weather-related data to the futures and OTC markets.

## **Section 3: Compliance with Core Principles**

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the following Core Principles may be impacted by this initiative as follows:

- **Compliance with Rules:** Trading in the Contracts will be subject to all CME Rules, including prohibitions against fraudulent, noncompetitive, unfair and abusive practices as outlined in CME Rule Chapter 4, the Exchange’s trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the CME Rulebook, and the dispute resolution and arbitration procedures of CME Rule Chapter 6. As with all products listed for trading on one of CME Group’s designated contract markets, trading activity in the Contracts will be subject to monitoring and surveillance by CME Group’s Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.
- **Contracts not Readily Subject to Manipulation:** The Contracts are not readily subject to manipulation because of their structural attributes and reliance on government supplied data. Final settlements are based on official weather data that is published by government weather agencies and supplied to the Exchange by a single PRA, Speedwell Settlement Services Ltd. In the case of the United States, the National Weather Service (NWS), Federal Aviation Administration (FAA), the Department of Defense (DoD), and the National Oceanic and Atmospheric Administration (NOAA) are responsible for the measurement, recording and issuance of the data. Weather stations used for CME weather contracts are located at major airports or government owned properties having 24 hour/365 day security measures in place to insure the accuracy of the data being reported. Similar to the U.S., European and Asian governments have implemented similar systems and collect the data in the same way, with the same authority and oversight.
- **Prevention of Market Disruption:** Trading in the Contracts will be subject to the rules of the Exchange, which include prohibitions on manipulation, price distortion, and disruption to the cash settlement process. As with any new product listed for trading on a CME Group designated contract market, trading activity in the option contract proposed herein will be subject to monitoring and surveillance by CME Group’s Market Regulation Department.

- **Position Limitations or Accountability:** The speculative position limits for the Contracts as demonstrated in this submission are consistent with the Commission’s guidance.
- **Availability of General Information:** The Exchange will publish on its website information in regard to contract specifications, terms, and conditions, as well as daily trading volume, open interest, and price information for the Contracts. The Exchange will issue a Special Executive Report (“SER”) regarding the launch of the Contracts. The SER will also be posted on the CME Group website.
- **Daily Publication of Trading Information:** The Exchange will publish contract trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contracts.
- **Execution of Transactions:** The Contracts will be listed for trading on the CME Globex and for submission of clearing through the CME ClearPort platform. The CME Globex trading venue provides for competitive and open execution of transactions and affords the benefits of reliability and global connectivity.
- **Trade Information:** All requisite trade information for the Contracts will be included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- **Financial Integrity of Contracts:** The Contracts will be cleared by the CME Clearing, a derivatives clearing organization registered with the CFTC and subject to all CFTC Regulations related thereto.
- **Protection of Market Participants:** CME Rulebook Chapters 4 and 5 set forth multiple prohibitions that preclude intermediaries from disadvantaging their customers. These rules apply to trading in all of the Exchange’s competitive trading venues.
- **Disciplinary Procedures:** Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the Rulebook. Trading in the Contracts will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in these products are identified.
- **Dispute Resolution:** Disputes with respect to trading in the Contract will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. Chapter 6 allows all non-members to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a non-member is required to participate in the arbitration pursuant to Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the Contracts comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

The Exchange certifies that this submission has been concurrently posted on the Exchange’s website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at 212-299-2200 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A – CME Rulebook Chapter 406  
Exhibit B – CME Rulebook Chapter 407  
Exhibit C – CME Rulebook Chapter 408  
Exhibit D – CME Rulebook Chapter 409  
Exhibit E – Exchange Fees  
Exhibit F – Position Limit, Position Accountability, and Reportable Level Table in  
Chapter 5 of the CME Rulebook (attached under separate cover)  
Exhibit G – CME Rule 588.H. (“Globex Non-Reviewable Trading Ranges”) Table  
Exhibit H – Market Overview

## Exhibit A

### CME Rulebook

(additions underscored)

#### Chapter 406 CME European HDD Index Futures

##### 40600. SCOPE OF CHAPTER

This chapter is limited in application to CME European HDD Index futures. In addition to this chapter, CME European HDD Index futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.

##### 40601. CONTRACT SPECIFICATIONS

###### 1. Heating Degree Days (HDD)

The daily average temperature is defined as the arithmetic average of the maximum temperature (Tmax) and minimum temperature (Tmin), measured at the following times for each location. Observations are recorded by the relevant National Meteorological Service and processed by Speedwell Settlement Services Ltd.

- Amsterdam-Schiphol, Netherlands (WMO 06240)  
Tmax: observed 0000 UTC<sub>D0</sub> to 0000 UTC<sub>D+1</sub> (D = calendar day)  
Tmin: observed 0000 UTC<sub>D0</sub> to 0000 UTC<sub>D+1</sub> (D = calendar day)  
National Meteorological Service: Royal Netherlands Meteorological Institute (KNMI)
- London-Heathrow, United Kingdom (WMO 03772)  
Tmax: observed 0850 UTC<sub>D0</sub> to 0850 UTC<sub>D+1</sub> (D = calendar day)  
Tmin: observed 0850 UTC<sub>D-1</sub> to 0850 UTC<sub>D0</sub> (D = calendar day)  
National Meteorological Service: UK Met Office
- **ESSEN, Germany (WMO 10410)**  
**Tmax: observed 0000 UTC<sub>D0</sub> to 0000 UTC<sub>D+1</sub>**  
**Tmin: observed 0000 UTC<sub>D0</sub> to 0000 UTC<sub>D+1</sub>**  
**National Meteorological Service: Deutscher Wetterdienst (DWD)**
- **PARIS ORLY, France (WMO 07149)**  
**Tmax: observed 0600 UTC<sub>D0</sub> to 0600 UTC<sub>D+1</sub>**  
**Tmin: observed 1800 UTC<sub>D-1</sub> to 1800 UTC<sub>D0</sub>**  
**National Meteorological Service: Meteo France**

For each day, HDD is the greater of (1) zero, (2) 18 degrees Celsius ("C") minus the daily average temperature.

###### 2. The CME European HDD Indexes

Each particular CME European HDD Index is the accumulation of like Degree Days over a calendar month. The accumulation period of each CME European HDD Index futures contract begins with the first calendar day of the contract month and ends with the last calendar day of the contract month.

##### 40602. TRADING SPECIFICATIONS

###### 40602.A. Trading Schedule

Futures contracts shall be scheduled for trading and delivery during such hours in such months as may be determined by the Exchange.



**40602.B. Trading Unit**

The size of the unit of trading shall be 20 British pounds (pounds sterling) for London-Heathrow, or 20 Euros (€) for all other locations, times the respective CME European HDD Index.

**40602.C. Price Increments**

The minimum price fluctuation of the respective CME European HDD Index futures shall be 1 index point and have a value of 20 British pounds (pounds sterling) for London-Heathrow, or 20 Euros (€) for all other locations.

**40602.D. Position Limits, Exemptions, Position Accountability and Reportable Levels**

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

**40602.E. [Reserved]**

**40602.F. [Reserved]**

**40602.G. Termination of Trading**

Futures trading shall terminate at 9:00 a.m. on the fifth Exchange Business Day after the futures contract month.

**40602.H. [Reserved]**

**40602.I. [Reserved]**

**40603. SETTLEMENT PROCEDURES**

**40603.A. Final Settlement Price**

All futures contracts remaining open at the termination of trading shall be settled using the respective CME European HDD Index Speedwell Settlement Services Ltd. for that city for that contract month, using the methodology in effect on that date, on the fifth Exchange Business Day after the futures contract month. For example, on January 8, 2003, the December 2002 futures contract on the CME Amsterdam-Schiphol European HDD Index would have been settled at 468.60 Heating Degree Days.

**40603.B. Final Settlement**

Clearing members holding open positions in a CME European HDD Index futures contract at the termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

**40604. [RESERVED]**

**40605.-06. [RESERVED]**

(End Chapter 406)

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 406**

**LIMITATION OF LIABILITY AND DISCLAIMER**

Speedwell Settlement Services Ltd. ("SSS") grants the Exchange the rights to use various data ("Data") in connection with the trading of futures contracts and options on futures contracts based upon such Data. SSS makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the Data in connection with the trading of futures contracts, options on futures contracts or any other use. SSS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Data. Without limiting any of the foregoing, in no event shall SSS have any liability for any special,

punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## **Exhibit B**

### **CME Rulebook**

(additions underscored)

#### **Chapter 407**

#### **CME European Seasonal Strip HDD Index Futures**

##### **40700. SCOPE OF CHAPTER**

This chapter is limited in application to CME European Seasonal Strip HDD Index futures. In addition to this chapter, CME European Seasonal Strip HDD Index futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.

##### **40701. CONTRACT SPECIFICATIONS**

###### 1. Heating Degree Days (HDD)

The daily average temperature is defined as the arithmetic average of the maximum temperature (Tmax) and minimum temperature (Tmin), measured at the following times for each location. Observations are recorded by the relevant National Meteorological Service and processed by Speedwell Settlement Services Ltd.

- Amsterdam-Schiphol, Netherlands (WMO 06240)  
Tmax: observed 0000 UTC<sub>D0</sub> to 0000 UTC<sub>D+1</sub> (D = calendar day)  
Tmin: observed 0000 UTC<sub>D0</sub> to 0000 UTC<sub>D+1</sub> (D = calendar day)  
National Meteorological Service: Royal Netherlands Meteorological Institute (KNMI)
- London-Heathrow, United Kingdom (WMO 03772)  
Tmax: observed 0850 UTC<sub>D0</sub> to 0850 UTC<sub>D+1</sub> (D = calendar day)  
Tmin: observed 0850 UTC<sub>D-1</sub> to 0850 UTC<sub>D0</sub> (D = calendar day)  
National Meteorological Service: UK Met Office
- **ESSEN, Germany (WMO 10410)**  
**Tmax: observed 0000 UTC<sub>D0</sub> to 0000 UTC<sub>D+1</sub>**  
**Tmin: observed 0000 UTC<sub>D0</sub> to 0000 UTC<sub>D+1</sub>**  
**National Meteorological Service: Deutscher Wetterdienst (DWD)**
- **PARIS ORLY, France (WMO 07149)**  
**Tmax: observed 0600 UTC<sub>D0</sub> to 0600 UTC<sub>D+1</sub>**  
**Tmin: observed 1800 UTC<sub>D-1</sub> to 1800 UTC<sub>D0</sub>**  
**National Meteorological Service: Meteo France**

For each day, HDD is the greater of (1) zero, (2) 18 degrees Celsius ("C") minus the daily average temperature.

###### 2. The CME European Seasonal Strip HDD Indexes

Each defined CME European Seasonal Strip HDD index below is the accumulation of like Degree Days over the season.

Heating Degree Days Strips:

- November – March

- December – February

A separate futures contract shall be listed for each strip. The accumulation period of each CME European Seasonal Strip HDD begins with the first calendar day of the first month of the strip and ends with the last calendar day of the last month in the defined strip.

## **40702. TRADING SPECIFICATIONS**

### **40702.A. Trading Schedule**

Futures contracts shall be scheduled for trading and delivery during such hours in such months as may be determined by the Exchange.

### **40702.B. Trading Unit**

The size of the unit of trading shall be 20 British pounds (pounds sterling) for London-Heathrow, or 20 Euros (€) for all other locations, times the respective CME European Seasonal Strip HDD Index.

### **40702.C. Price Increments**

The minimum price fluctuation on the CME European Seasonal Strip HDD Index futures shall be 1 index point and have a value of 20 British pounds (pounds sterling) for London-Heathrow, or 20 Euros (€) for all other locations.

### **40702.D. Position Limits, Exemptions, Position Accountability and Reportable Levels**

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

**40702.E. [Reserved]**

**40702.F. [Reserved]**

### **40702.G. Termination of Trading**

Futures trading shall terminate at 9:00 a.m. on the fifth Exchange Business Day after the last calendar day of the last month of the defined strip.

**40702.H. [Reserved]**

**40702. I. [Reserved]**

## **40703. SETTLEMENT PROCEDURES**

### **40703.A. Final Settlement Price**

All futures contracts remaining open at the termination of trading shall be settled using the respective CME European Seasonal Strip HDD Index reported by Speedwell Settlement Services Ltd. for that city for that contract period, using the methodology in effect on that date, on the fifth Exchange Business Day after the last calendar day of the last month of the defined strip. For example, on April 7, 2003, the November 2002 - March 2003 futures contract on the CME Amsterdam-Schiphol Nov '02 – Mar '03 European Seasonal Strip HDD Index would have been settled at 1994.90 Heating Degree Days.

### **40703.B. Final Settlement**

Clearing members holding open positions in a CME European Seasonal Strip HDD Index futures contract at the termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

**40704. [RESERVED]**

**40705.-06. [RESERVED]**

(End Chapter 407)

## **INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 407**

## LIMITATION OF LIABILITY AND DISCLAIMER

Speedwell Settlement Services Ltd. (“SSS”) grants the Exchange the rights to use various data (“Data”) in connection with the trading of futures contracts and options on futures contracts based upon such Data. SSS makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the Data in connection with the trading of futures contracts, options on futures contracts or any other use. SSS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Data. Without limiting any of the foregoing, in no event shall SSS have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

### Exhibit C

#### CME Rulebook

(additions underscored)

#### Chapter 408 CME European CAT Index Futures

##### 40800. SCOPE OF CHAPTER

This chapter is limited in application to CME European CAT Index futures. In addition to this chapter, CME European CAT Index futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.

##### 40801. CONTRACT SPECIFICATIONS

###### 1. Cumulative Average Temperature (CAT)

The daily average temperature is defined as the arithmetic average of the maximum temperature (Tmax) and minimum temperature (Tmin), measured at the following times for each location. Observations are recorded by the relevant National Meteorological Service and processed by Speedwell Settlement Services Ltd.

- Amsterdam-Schiphol, Netherlands (WMO 06240)  
Tmax: observed 0000 UTC<sub>D0</sub> to 0000 UTC<sub>D+1</sub> (D = calendar day)  
Tmin: observed 0000 UTC<sub>D0</sub> to 0000 UTC<sub>D+1</sub> (D = calendar day)  
National Meteorological Service: Royal Netherlands Meteorological Institute (KNMI)
- London-Heathrow, United Kingdom (WMO 03772)  
Tmax: observed 0850 UTC<sub>D0</sub> to 0850 UTC<sub>D+1</sub> (D = calendar day)  
Tmin: observed 0850 UTC<sub>D-1</sub> to 0850 UTC<sub>D0</sub> (D = calendar day)  
National Meteorological Service: UK Met Office
- **ESSEN, Germany (WMO 10410)**  
**Tmax: observed 0000 UTC<sub>D0</sub> to 0000 UTC<sub>D+1</sub>**  
**Tmin: observed 0000 UTC<sub>D0</sub> to 0000 UTC<sub>D+1</sub>**  
**National Meteorological Service: Deutscher Wetterdienst (DWD)**
- **PARIS ORLY, France (WMO 07149)**  
**Tmax: observed 0600 UTC<sub>D0</sub> to 0600 UTC<sub>D+1</sub>**  
**Tmin: observed 1800 UTC<sub>D-1</sub> to 1800 UTC<sub>D0</sub>**  
**National Meteorological Service: Meteo France**

###### 2. The CME European CAT Indexes

Each particular CME European CAT Index is the accumulation of like daily average temperatures over a calendar month. The accumulation period of each CME European CAT Index futures contract begins with the first calendar day of the contract month and ends with the last calendar day of the contract month.

## **40802. TRADING SPECIFICATIONS**

### **40802.A. Trading Schedule**

Futures contracts shall be scheduled for trading and delivery during such hours in such months as may be determined by the Exchange.

### **40802.B. Trading Unit**

The size of the unit of trading shall be 20 British pounds (pounds sterling) for London-Heathrow, or 20 Euros (€) for all other locations, times the respective CME European CAT Index.

### **40802.C. Price Increments**

The minimum price fluctuation of the respective CME European CAT Index futures shall be 1 index point and have a value of 20 British pounds (pounds sterling) for London-Heathrow, or 20 Euros (€) for all other locations.

### **40802.D. Position Limits, Exemptions, Position Accountability and Reportable Levels**

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

**40802.E. [Reserved]**

**40802.F. [Reserved]**

### **40802.G. Termination of Trading**

Futures trading shall terminate at 9:00 a.m. on the fifth Exchange Business Day after the futures contract month.

**40802.H. [Reserved]**

**40802.I. [Reserved]**

## **40803. SETTLEMENT PROCEDURES**

### **40803.A. Final Settlement Price**

All futures contracts remaining open at the termination of trading shall be settled using the respective CME European CAT Index reported by Speedwell Settlement Services Ltd. for that city for that contract month, using the methodology in effect on that date, on the fifth Exchange Business Day after the futures contract month. For example, on July 8, 2003, the June 2003 futures contract on the CME Amsterdam-Schiphol European CAT Index would have been settled at 507.65 Degrees.

### **40803.B. Final Settlement**

Clearing members holding open positions in a CME European CAT Index futures contract at the termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

**40804. [RESERVED]**

**40805.-06. [RESERVED]**

(End Chapter 408)

## **INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 408**

## **LIMITATION OF LIABILITY AND DISCLAIMER**

Speedwell Settlement Services Ltd. (“SSS”) grants the Exchange the rights to use various data (“Data”) in connection with the trading of futures contracts and options on futures contracts based upon such Data. SSS makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the Data in connection with the trading of futures contracts, options on futures contracts or any other use. SSS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Data. Without limiting any of the foregoing, in no event shall SSS have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## **Exhibit D**

### **CME Rulebook**

(additions underscored)

#### **Chapter 409**

#### **CME European Seasonal CAT Strip Index Futures**

##### **40900. SCOPE OF CHAPTER**

This chapter is limited in application to CME European Seasonal Strip CAT Index futures. In addition to this chapter, CME European Seasonal CAT Strip Index futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.

##### **40901. CONTRACT SPECIFICATIONS**

###### **1. Cumulative Average Temperature (CAT)**

The daily average temperature is defined as the arithmetic average of the maximum temperature (Tmax) and minimum temperature (Tmin), measured at the following times for each location. Observations are recorded by the relevant National Meteorological Service and processed by Speedwell Settlement Services Ltd.

- Amsterdam-Schiphol, Netherlands (WMO 06240)  
Tmax: observed 0000 UTC<sub>D0</sub> to 0000 UTC<sub>D+1</sub> (D = calendar day)  
Tmin: observed 0000 UTC<sub>D0</sub> to 0000 UTC<sub>D+1</sub> (D = calendar day)  
National Meteorological Service: Royal Netherlands Meteorological Institute (KNMI)
- London-Heathrow, United Kingdom (WMO 03772)  
Tmax: observed 0850 UTC<sub>D0</sub> to 0850 UTC<sub>D+1</sub> (D = calendar day)  
Tmin: observed 0850 UTC<sub>D-1</sub> to 0850 UTC<sub>D0</sub> (D = calendar day)  
National Meteorological Service: UK Met Office
- **ESSEN, Germany (WMO 10410)**  
**Tmax: observed 0000 UTC<sub>D0</sub> to 0000 UTC<sub>D+1</sub>**  
**Tmin: observed 0000 UTC<sub>D0</sub> to 0000 UTC<sub>D+1</sub>**  
**National Meteorological Service: Deutscher Wetterdienst (DWD)**
- **PARIS ORLY, France (WMO 07149)**  
**Tmax: observed 0600 UTC<sub>D0</sub> to 0600 UTC<sub>D+1</sub>**  
**Tmin: observed 1800 UTC<sub>D-1</sub> to 1800 UTC<sub>D0</sub>**  
**National Meteorological Service: Meteo France**

###### **2. The CME European Seasonal Strip CAT Indexes**

Each defined CME European Seasonal Strip CAT index below is the accumulation of like daily average temperatures over the season.

CAT Strips:

- May – September
- July - August

A separate futures contract shall be listed for each strip. The accumulation period of each CME European Seasonal Strip CAT Index begins with the first calendar day of the first month of the strip, and ends with the last calendar day of the last month of the strip.

## **40902. TRADING SPECIFICATIONS**

### **40902.A. Trading Schedule**

Futures contracts shall be scheduled for trading and delivery during such hours in such months as may be determined by the Exchange.

### **40902.B. Trading Unit**

The size of the unit of trading shall be 20 British pounds (pounds sterling) for London-Heathrow, or 20 Euros (€) for all other locations, times the respective CME European Seasonal Strip CAT Index.

### **40902.C. Price Increments**

The minimum price fluctuation on the CME European Seasonal Strip CAT Index futures shall be 1 index point and have a value of 20 British pounds (pounds sterling) for London-Heathrow, or 20 Euros (€) for all other locations.

### **40902.D. Position Limits, Exemptions, Position Accountability and Reportable Levels**

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

**40902.E. [Reserved]**

**40902.F. [Reserved]**

### **40902.G. Termination of Trading**

Futures trading shall terminate at 9:00 a.m. on the fifth Exchange Business Day after the last calendar day of the last month of the defined strip.

**40902.H. [Reserved]**

**40902.I. [Reserved]**

## **40903. SETTLEMENT PROCEDURES**

### **40903.A. Final Settlement Price**

All futures contracts remaining open at the termination of trading shall be settled using the respective CME European Seasonal Strip CAT Index reported by Speedwell Settlement Services Ltd. for that city for that contract period, using the methodology in effect on that date, on the fifth Exchange Business Day after the last calendar day of the last month of the defined strip. For example, on October 7, 2002, the May 2002 - September 2002 futures contract on the CME Amsterdam-Schiphol May - September '02 European Seasonal Strip CAT Index would have been settled at 2481.10 Degrees.

### **40903.B. Final Settlement**

Clearing members holding open positions in a CME European Seasonal Strip CAT Index futures contract at the termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

**40904. [RESERVED]**

**40905.-06. [RESERVED]**

(End Chapter 409)

## **INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 409**

### **LIMITATION OF LIABILITY AND DISCLAIMER**

Speedwell Settlement Services Ltd. (“SSS”) grants the Exchange the rights to use various data (“Data”) in connection with the trading of futures contracts and options on futures contracts based upon such Data. SSS makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the Data in connection with the trading of futures contracts, options on futures contracts or any other use. SSS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Data. Without limiting any of the foregoing, in no event shall SSS have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.



**Exhibit E**  
**Exchange Fees**

Membership Type	Venue/Transaction Type	Fee
Individual Members Clearing Members Rule 106.J Equity Member Firms & Rule 106.J Qualified Subsidiaries Rule 106.I Members & Rule 106.I Qualified Affiliates Rule 106.S Member Approved Funds	CME Globex	\$0.15
	EFP	\$0.46
	EFR	\$0.46
	Block	\$0.46
	Delivery	\$0.02
	Exe Asn Future From	\$0.07
Rule 106.D Lessees Rule 106.F Employees	CME Globex	\$0.20
	EFP	\$0.51
	EFR	\$0.51
	Block	\$0.51
	Delivery	\$0.07
	Exe Asn Future From	\$0.12
Rule 106.R Electronic Corporate Members (For other than CME Globex - Non-Member rates apply)	CME Globex	\$0.44
Rule 106.H and 106.N Firms	CME Globex	\$0.25
	EFP	\$0.56
	EFR	\$0.56
	Block	\$0.56
	Delivery	\$0.12
	Exe Asn Future From	\$0.17
International Incentive Program (IIP) Participants International Volume Incentive Program (IVIP) Participants (For other than CME Globex - Non-Member rates apply)	CME Globex	\$0.26
Members Trading Outside of Division (For other than CME Globex During ETH - Non-Member rates apply)	CME Globex During ETH Only	\$0.29
Non-Members	CME Globex	\$0.54
	EFP	\$0.60
	EFR	\$0.60
	Block	\$0.60
	Delivery	\$0.16
	Exe Asn Future From	\$0.21

Processing Fees	Fee
Position Adjustment/Position Transfer	\$0.10
Give-Up Surcharge	\$0.05
Facilitation Fee	\$0.40

**Exhibit F**

**CME Rulebook  
Chapter 5  
("Trading Qualifications and Practices")**

**Position Limits, Position Accountability and Reportable Level Table**

(attached under separate cover)

**Exhibit G**

**CME Rulebook  
Chapter 5  
("Trading Qualifications and Practices")**

**Rule 588.H. – ("Globex Non-Reviewable Trading Ranges") Table**

(additions underscored)

Instrument	Globex Symbol	Outrights			Spreads	
		Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Minimum Ticks	NRR: Globex Format	NRR: Minimum Ticks
<b>Europe Cooling and Heating (Monthly and Seasonal) (CME)</b>						
<u>Essen</u>	<u>D4, G4</u>	<u>25.00 index points</u>	<u>25</u>	<u>25</u>	<u>N/A</u>	
<u>Paris</u>	<u>D1, G1</u>	<u>25.00 index points</u>	<u>25</u>	<u>25</u>	<u>N/A</u>	

## **Exhibit H**

### **Position Limit/Accountability Levels and Market Overview**

#### **Position Limit/Accountability Levels**

The Contracts will mirror the currently listed weather futures and options contracts with single month accountability levels of 10,000 contracts. These changes will be reflected in the position accountability table in Chapter 5.

The 10,000 per month contract accountability level for similar weather products has been previously vetted with the CFTC. Note that Section 151 of the Act was vacated and reverted back to Section 150, which does not have an interpretation for position accountability for Alternative products. The CFTC previously acknowledged that weather is unique and that it is an excluded commodity and has no deliverable supply. At that time, CME noted the following: 1) due to the secured locations of the recording instruments, major airports, the index is not easily susceptible to manipulation and 2) a number of weather data suppliers are monitoring the data being released by these governmental agencies and any errors would most likely be reported and corrected promptly by the reporting agencies.

#### **Cash Market Overview**

Heating Degree Days (HDD)/Cooling Degree Days (CDD) and Cumulative Average Temperature (CAT) contracts are employed by a wide variety of enterprises, largely operating in the context of the energy industry, to manage their temperature related risks.

Energy companies, for example, have been known to sell HDD or CDD contracts to manage the risk of diminished revenues under mild weather conditions, noting that the quantity of energy sold is heavily contingent upon consumer demand driven by temperatures. Large scale energy consumers including automobile manufacturers and large residential building operators may buy HDD or CDD contracts to hedge against the risk of rising utility costs under extreme weather conditions.

Retailers whose sales are sensitive to weather conditions might control inventory costs more effectively through the use of HDD or CDD contracts. Beer consumption reaches a seasonal peak in the summer and cool weather can put a dent in beer sales. “the 2000 Preliminary Report for SABMiller, “History shows that on a summer day with the temperature over 25 degrees Celsius, sales can be more than 50% greater than on a day where the temperature is under 20 degrees...”

Utility companies may utilize HDD or CDD contracts to guard against “volumetric risks.” These volumetric risks are based upon the quantity of energy that might be expected to be marketed throughout the course of a heating or cooling season. These transactions rely upon the intuitive and well-documented relationship between power consumption and temperature extremes.

Thus, if the daily average temperatures during the course of a winter season were abnormally high, utility firms might face depressed demand for heating. Utilities have traditionally increased consumer prices to offset lower retail consumption volume. However, intensifying competition caused by ongoing deregulation has made it increasingly difficult for utilities to raise prices arbitrarily. Therefore, it becomes necessary for utility firms to address volumetric risks using other means such as HDD or CDD contracts.

Proper use of temperature related contracts not only enables utility firms to stabilize revenue streams but may also be used to provide at least a partial hedge to the cost side of the equation. Note that most utility firms operate under inherent capacity limitations. Electricity represents a non-storable commodity. If temperature suddenly rises or declines dramatically, utility firms may need to deploy less efficient generators to meet the sudden jump in demand or may be compelled to purchase electricity from the power grid in the face of soaring demands and rising prices. This implies that energy prices may increase, and transmission costs may grow simultaneously. In this case, utility firms may find both weather derivatives

and energy contracts useful to stabilize their economic outcomes, i.e., to hedge both volumetric and cost-based risks.

### **Weather Market Overview**

It has been estimated that over 2/3 of the global economy is impacted either directly or indirectly by weather conditions. The impact that weather has on businesses such as energy and agriculture is particularly acute. However, not only energy and agriculture observe the weather conditions. The lists of other economic sectors that are affected by the weather include construction and transportation sectors that have to contend with delays and budget overruns. The retail and entertainment sectors face similar challenges when weather turns unfavorable. A retailer may have stocked up on winter clothing only to have the season be unseasonably warm, causing markdowns at the end of the season to move merchandise, and incurring a loss. Entertainment such as concerts, municipal parades, ski resorts, amusement parks etc. can be impacted by rain, cold and heat translating into lost revenue.

In addition to the commercial market participants like utility companies, some of the most active participants in the existing weather markets are insurance and reinsurance companies. Reinsurance companies, for example, offer clients a path to transfer their weather-related risk, and are then able to lay off a portion of that risk by participating in our weather futures and options markets. Hedge funds, pension funds, and asset managers that are looking for assets that are uncorrelated to their current portfolio holdings are also active participants in weather futures and options markets.