

RECEIVED  
C.F.T.C.

2004 MAY 11 PM 4: 50



May 11, 2004

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

RE: Section 5c(c) and Regulation §40.6(a) Submission, Exchange Certification for Amendments to Rule 452A01.E. Exercise Prices to Increase the Exercise Price Range for Eurodollar Options. CME Submission 04-45.

Dear Ms. Webb:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commission under the exchange certification procedure, that the exercise price range is being expanded for all Eurodollar options. At the start of trading in a contract expiration, the Exchange will now list put and call options at the regular exercise price that is nearest the previous day's settlement price of the underlying futures contract and all eligible exercise prices in a range of 5.50 IMM Index points above and below the exercise price that is nearest the futures price. Thereafter, the Exchange will add for trading all eligible exercise prices in a range of 5.50 IMM Index points above and 5.50 IMM Index points below the exercise price nearest the previous day's settlement price.

Previously, the Exchange listed Eurodollar put and call options at the regular exercise price that is nearest the previous day's settlement price of the underlying futures contract and all eligible exercise prices in a range of 1.75 IMM Index points above and below the exercise price that is nearest the futures price for contract expirations whose expiration date is up to and including 12 months away, 2.00 IMM Index points above and below the exercise price that is nearest the futures price for contract expirations whose expiration date is more than 12 months up to and including 15 months away and 2.50 IMM Index points above and below the exercise price that is nearest the futures price for contract expirations whose expiration date is more than 15 months away.

The amendments for Chapter 452 rule appear in attached Appendix 1 with deletions bracketed and overstruck and additions underlined. Appendix 2 provides a clean copy of the amended rules.

Member/shareholders will be notified of the amendments to CME rules described above in CME Special Executive Report S-4088, dated Wednesday, May 12, 2004.

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

Ms. Jean A. Webb  
May 11, 2004  
Page 3 of 5

If you require any additional information regarding this action, please do not hesitate to contact Mr. Richard Co at 312-930-3227 or via e-mail at [rco@cme.com](mailto:rco@cme.com). Please reference our CME Submission 04-45 on all future correspondence regarding this notification.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Labuszewski". The signature is fluid and cursive, with a large initial "J" and "L".

John W. Labuszewski  
Director, Research & Product Development

Attachments

## Appendix 1: Amended Rules

(Deletions are bracketed and overstruck, and additions are underlined.)

### CHAPTER 452A OPTIONS ON THREE-MONTH EURODOLLAR FUTURES

#### 452A01.E. Exercise Prices

##### 1. Twenty-Five Point Exercise Prices

Exercise prices shall be stated in terms of the IMM Index for the Eurodollar Time Deposit futures contract that is deliverable upon exercise of the option and shall be stated in intervals whose last two digits are 00, 25, 50, and 75 ("twenty-five point exercise prices") for all IMM Index levels, e.g., 88.00, 88.25, 88.50, 88.75, etc. For 5-Year bundle options, exercise prices shall be stated as in terms of the average price of the futures contracts in the underlying bundle.

For Options in the March Quarterly Cycle, Options Not in the March Quarterly Cycle, 5-Year Bundle Options and One-Year, Two-Year and Fifth-Year Mid-Curve Options

At the commencement of trading in a contract expiration, the Exchange shall list put and call options at the exercise price that is nearest the previous day's settlement price of the respective underlying futures contract. All eligible exercise prices in a range of 5.50 IMM Index points above and below the exercise price that is nearest the futures price shall be listed for trading. Thereafter, the Exchange shall add for trading all eligible exercise prices in a range of 5.50 IMM Index points above and 5.50 IMM Index points below the exercise price nearest the previous day's settlement price. New options may be listed for trading up to and including the termination of trading.

~~[For Options in the March Quarterly Cycle, Options Not in the March Quarterly Cycle and 5-Year Bundle Options~~

~~At the commencement of trading in a contract expiration, the Exchange shall list put and call options at the exercise price that is nearest the previous day's settlement price of the respective underlying futures contract. For contract expirations whose expiration date is up to and including 12 months away, all eligible exercise prices in a range of 1.75 IMM Index points above and below the exercise price that is nearest the futures price shall be listed for trading. Thereafter, the Exchange shall add for trading all eligible exercise prices in a range of 1.75 IMM Index points above and 1.75 IMM Index points below the exercise price nearest the previous day's settlement price. For contract expirations whose expiration date is more than 12 months up to and including 15 months away, all eligible exercise prices in a range of 2.00 IMM Index points above and below the exercise price that is nearest the futures price shall be listed for trading. Thereafter, the Exchange shall add for trading all eligible exercise prices in a range of 2.00 IMM Index points above and 2.00 IMM Index points below the exercise price nearest the previous day's settlement price. For contract expirations whose expiration date is more than 15 months away, all eligible exercise prices in a range of 2.50 IMM Index points above and below the exercise price that is nearest the futures price shall be listed for trading. Thereafter, the Exchange shall add for trading all eligible exercise prices in a range of 2.50 IMM Index points above and 2.50 IMM Index points below the exercise price nearest the previous day's settlement price. New options may be listed for trading up to and including the termination of trading.~~

~~For One-Year, Two-Year and Fifth-Year Mid-Curve Options~~

~~At the commencement of trading in a contract expiration, the Exchange shall list put and call options at the exercise price that is nearest the previous day's settlement price of the respective underlying futures contract. All eligible exercise prices in a range of 2.50 IMM Index points above and below the exercise price that is nearest the futures price shall be listed for trading. Thereafter, the Exchange shall add for trading all eligible exercise prices in a range of 2.50 IMM Index points above and below the exercise price nearest the previous day's settlement price. New options may be listed for trading up to and including the termination of trading.]~~

## **Appendix 2: Clean Copy of Amended Rules**

### **CHAPTER 452A OPTIONS ON THREE-MONTH EURODOLLAR FUTURES**

#### **452A01.E. Exercise Prices**

##### **1. Twenty-Five Point Exercise Prices**

Exercise prices shall be stated in terms of the IMM Index for the Eurodollar Time Deposit futures contract that is deliverable upon exercise of the option and shall be stated in intervals whose last two digits are 00, 25, 50, and 75 ("twenty-five point exercise prices") for all IMM Index levels, e.g., 88.00, 88.25, 88.50, 88.75, etc. For 5-Year bundle options, exercise prices shall be stated as in terms of the average price of the futures contracts in the underlying bundle.

For Options in the March Quarterly Cycle, Options Not in the March Quarterly Cycle, 5-Year Bundle Options and One-Year, Two-Year and Fifth-Year Mid-Curve Options

At the commencement of trading in a contract expiration, the Exchange shall list put and call options at the exercise price that is nearest the previous day's settlement price of the respective underlying futures contract. All eligible exercise prices in a range of 5.50 IMM Index points above and below the exercise price that is nearest the futures price shall be listed for trading. Thereafter, the Exchange shall add for trading all eligible exercise prices in a range of 5.50 IMM Index points above and 5.50 IMM Index points below the exercise price nearest the previous day's settlement price. New options may be listed for trading up to and including the termination of trading.