CME Group
A CME/Chicago Board of Trade/NYMEX Company

C.F.T.C.
OFFICE OF THE SECRETARIAT
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April 1, 2010

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

RE: Section 5c(c)(1), Part 40.6(a) – Rule Certification Notice for Delisting the CME$INDEX™ Futures and Options Contracts
CME Submission 10-089

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commodity Futures Trading Commission that effective immediately, both the CME$INDEX futures and options on futures contracts have been delisted from trading on both the open outcry trading floor and CME Globex®. The CME$INDEX futures last traded in Second Quarter 2008. There is no open interest in either the CME$INDEX futures or options. CME will be deleting Chapters 404 – CME$INDEX Futures and 404A –Options on CME$INDEX Futures from the CME Rulebook.

CME certifies that this action complies with the Commodity Exchange Act and regulations thereunder.

If you require any additional information, please do not hesitate to contact Mr. Steven Youngren at 312-930-4583 or via e-mail at Steve.Youngren@cmegroup.com or me at 312-338-2483. Please reference our CME Submission No. 10-089 in any related correspondence.

Sincerely,

/s/ Lisa Dunsky
Director and Associate General Counsel

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~~Chapter 404~~
~~CME$INDEX™ Futures~~

~~40400. SCOPE OF CHAPTER~~

~~This chapter is limited in application to futures trading in the CME$INDEX™. The procedures for trading, clearing, delivery, settlement and any other matters not specifically contained herein shall be governed by the rules of the Exchange.~~

~~40401. FUTURES CALL~~

~~40401.A. Trading Schedule~~

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

~~40401.B. Trading Unit~~

~~The unit of trading shall be $1,000.00 times the CME$INDEX.~~

~~40401.C. Price Increments~~

~~Minimum price fluctuations shall be in multiples of 0.01 of a CME$INDEX point, equivalent to $10.00 per contract. Trades may also occur in multiples of 0.005 of a CME$INDEX point, commonly referred to as one-half tick, for CME$INDEX futures intra-currency spreads, executed as simultaneous transactions on the trading floor pursuant to Rule 542.A. and on GLOBEX® pursuant to Rule 542.F.; and for CME$INDEX futures All-Or-None (AON) transactions executed pursuant to section "All-Or-None Transactions" of Rule 521.~~

~~40401.D. Position Accountability~~

~~A person owning or controlling more than 6,000 contracts net long or net short in all contract months combined shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable. For positions involving options on CME$INDEX futures, this rule is superseded by the option position accountability rule.~~

~~40401.E. Accumulation of Positions~~

~~For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.~~

~~40401.F. [Reserved]~~

~~40401.G. Termination of Trading~~

~~Futures trading shall terminate on the second business day immediately preceding the third Wednesday of the contract month. If this date for termination of trading is a bank holiday in Chicago or New York City, then futures trading shall terminate on the next preceding business day common to Chicago and New York City banks and the Exchange.~~

~~40401.H. Contract Modifications~~

~~Specifications shall be fixed as of the first day of trading of a contract, except that all deliveries must conform to government regulations in force at the time of delivery. If any national or international government agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules and all open and new contracts shall be subject to such government orders.~~

~~40402. SETTLEMENT PROCEDURES~~

~~40402.A. Physical Delivery~~[1]

~~1. Procedures~~

~~In addition to the procedures and requirements contained in this chapter, delivery procedures shall be governed by the rules set forth in Chapter 7.~~

~~Final Settlement~~

~~The CME$INDEX is a trade-weighted geometric average of seven currencies and is computed using the following formula, currencies, currency weights and the final settlement prices of futures contracts of the underlying component currencies traded on the Exchange that expire simultaneously with the CME$INDEX:~~

~~The CME$INDEX at time t is computed using the following equation:~~

$$CME\$INDEX_t = B_t * \prod_{i=1}^{7} \left(1/S_{i,t}\right)^{w_{i,t}}$$

~~where~~ $\prod_{k=1}^{n}(x_k)$ ~~is the product of~~ x_k ~~as k ranges from 1 to n,~~ S_{it} ~~is the exchange rate of currency i at time t, expressed in dollars per unit of foreign currency,~~ $w_{i,t}$ ~~is the weight of currency i at time t, and~~ B_t ~~is a multiplier that is calculated every time the currency weights,~~ $w_{i,t}$ ~~change to ensure continuity. The index value is rounded to three decimal places (0.001).~~

~~So as to ensure a sum to 100%, the weights have been rounded to four decimal places using the following procedure. In the first step, CME rounds the weights to the 4th decimal place and sums them. If the sum of the weights is greater than 1, CME looks at the 5th decimal point (when rounded to the fifth decimal place) and identifies currencies that are eligible for rounding up; of these CME picks one currency at random, and subtracts it by the appropriate amount to force the sum to 1. If the sum of the weights is less than 1, CME looks at the 5th decimal point (when rounded to the fifth decimal place) and identifies currencies that are eligible for rounding down; of these CME picks one currency at random, and adds to it the appropriate amount to force the sum to 1.~~

~~The currency weights are calculated by the Board of Governors of the U.S. Federal Reserve System ("Fed") and reflect the relative competitiveness of the goods of the U.S. and other countries in the markets of third countries. The Fed revises the currency weights as of the beginning of every calendar year and/or at any other time during the calendar year as deemed necessary by the Fed.~~

~~A complete description of the methodology for the calculation of the CME$INDEX (including currency weight changes) appears in the Interpretations & Special Notices to Chapter 404, titled "A Description of the CME$INDEX™."~~

~~If the CME$INDEX contract terminates trading on a different day from the CME futures contracts of the underlying component currencies, the prices of any such component currencies shall be determined by Exchange officials using any appropriate sales or market information.~~

~~2. Delivery Days~~

~~Delivery shall be made on the third Wednesday of the contract month. If that day is not an Exchange business day or is a bank holiday in either Chicago or New York City, then delivery shall be made on the next day, which is an Exchange business day and is not a bank holiday in either Chicago or New York City. However, if that day is a bank holiday in the country of issuance of any of the component currencies in the CME$INDEX, then delivery of that component currency and the associated U.S. dollar payment, shall be made on the next business day common to Chicago, New York City banks and banks in the country of issuance.~~

~~3. Buyer's Duties~~

~~The clearing member representing a customer paying foreign currency to accept delivery of U.S. dollars in liquidation of a net long position in the CME$INDEX futures contract, shall, no later than 11:00 a.m. on the last day of trading, present to the Clearing House a CME$INDEX Buyer's Delivery Commitment. If such commitment is received later than 11:00 a.m. on the last day of trading, but not later than 8:00 a.m. on the following day, the buyer's clearing member shall be assessed a fine on a per contract basis,~~

[1] ~~Revised August 2003; February 2004; May 2004.~~

~~the amount to be determined by the Board. Any papers received subsequent to 8:00 a.m. on the day following the last day of trading shall be deemed a default and acted upon in accordance with Rule 743.B.~~

~~For each CME$INDEX futures contract delivery, the buyer shall pay proportionate amounts of seven currencies whose U.S. dollar value sums to the U.S. dollar value of the CME$INDEX futures contract at termination. The per contract amount of each component currency paid by the customer accepting delivery of U.S. dollars shall be determined as follows:~~

~~U.S. dollar value of CME$INDEX futures contract = CME$INDEX futures Final Settlement x $1,000~~

~~(a) Amount of Euro delivered = (Weight % for Euro x U.S. dollar value of CME$INDEX futures contract) / (U.S. dollar per Euro settlement price at termination)~~

~~(b) Amount of Japanese yen delivered = (Weight % for Japanese yen x U.S. dollar value of CME$INDEX futures contract) / (U.S. dollar per Japanese yen settlement price at termination)~~

~~(c) Amount of British pounds delivered = (Weight % for British pound x U.S. dollar value of CME$INDEX futures contract) / (U.S. dollar per British pound settlement price at termination)~~

~~(d) Amount of Swiss francs delivered = (Weight % for Swiss franc x U.S. dollar value of CME$INDEX futures contract) / (U.S. dollar per Swiss franc settlement price at termination)~~

~~(e) Amount of Australian dollars delivered = (Weight % for Australian dollar x U.S. dollar value of CME$INDEX futures contract) / (U.S. dollar per Australian dollar settlement price at termination)~~

~~(f) Amount of Canadian dollars delivered = (Weight % for Canadian dollar x U.S. dollar value of CME$INDEX futures contract) / (Nearest to termination U.S. dollar per Canadian dollar futures contract price at termination of the CME$INDEX futures contract)~~

~~(g) Amount of Swedish kronor delivered = (Weight % for Swedish krona x U.S. dollar value of CME$INDEX futures contract) / (U.S. dollar per Swedish krona settlement price at termination)~~

~~The total amounts of each of the seven currencies paid by the buyer are determined by multiplying the subtotals amounts calculated above by the number of contracts delivered.~~

~~4. Seller's Duties~~

~~The clearing member representing a customer paying U.S. dollars to accept delivery of foreign currency in liquidation of a net short position in the CME$INDEX futures contract, shall, no later than 11:00 a.m. on the last day of trading, present to the Clearing House a CME$INDEX Seller's Delivery Commitment. In addition, the clearing member shall either deposit, or present a bank Order to Pay, an amount equal to the net U.S. dollar value of such customer's positions. Values for positions are equal to the contract size of $1,000 multiplied by the CME$INDEX futures Final Settlement on the last day of trading multiplied by the number of contracts delivered. If such commitment is received later than 11:00 a.m. on the last day of trading, but not later than 8:00 a.m. on the following day, the seller's clearing member shall be assessed a fine on a per contract basis, the amount to be determined by the Board. Any papers received subsequent to 8:00 a.m. on the day following the last day of trading shall be deemed a default and acted upon in accordance with Rule 743.B. The seller shall have made all provisions necessary to receive delivery within the country of issuance.~~

~~5. Restrictions~~

~~From time to time, and frequently without warning, countries change the requirements and the restrictions on non-resident bank accounts. These take various forms including, non-interest bearing deposit requirements, negative interest rates, prohibitions against investment in the country, ceilings on the amount of deposit, restrictions on the period of time such deposits may be maintained, etc. It is the buyer's and seller's responsibilities to be familiar with and in conformance with all regulations pertaining to the holding of non-resident bank accounts in the country in which he or she desired to make and/or accept delivery.~~

~~6. Payments~~

~~The Clearing House shall designate a bank in each foreign country into which foreign currency shall be paid by the clearing member representing the buying customer. Similarly, the Clearing House shall designate a bank in the U.S. into which U.S. dollars shall be paid by the clearing member representing the selling customer. Amounts of these payments are defined in the buyer's and seller's duties above.~~

~~7. Costs of Delivery~~

~~The deliverer of a foreign currency shall bear the costs of transferring the foreign currency into a bank designated by the Clearing House. The receiver of a foreign currency shall bear the costs of transferring the foreign currency out of the bank designated by the Clearing House. Such costs may include, but are not limited to wire transfer charges, negative interest charges, transaction fees, etc.~~

~~40402.B. [Reserved]~~

~~40403. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES~~

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

~~(End Chapter 404)~~

~~INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 404~~

~~A Description of the CME$INDEX™~~

~~Introduction~~

~~This note describes the procedure used to compute the value of the CME$INDEX™. The index is based on a set of competitive weights published by the Board of Governors of the U.S. Federal Reserve System (the "Fed"). These weights are computed such that they reflect the relative competitiveness of U.S. goods in foreign markets. The countries/regions included are those with currencies that are traded in deep and relatively liquid financial markets and for which short- and long-term interest rates are readily available.~~

~~Major Currencies~~

~~In October 1998, the Fed announced[2] the development of a set of new indexes focusing on distinct currency groups. The first, or primary, group represents currencies of important U.S. trading partners, and is termed the broad index of the dollar's foreign exchange value. It includes twenty-six currencies. From this group, the Fed chose seven currencies — those of the euro area countries and Australia, Canada, Japan, Sweden, Switzerland, and the United Kingdom — to create a basket to replace its old G-10 index.[3] This index is now called the Major Currency Index.~~

~~Like the old G-10 index, the new Major Currency Index not only measures the competitiveness of U.S. goods relative to goods of major industrial countries, it also serves as a gauge of financial pressures on the U.S. dollar. As a consequence, it includes currencies traded in deep and relatively liquid financial markets and for which short- and long-term interest rates are readily available.~~

~~Competitive Weights~~[4]

~~Unlike the old G-10 index, the Fed created these new indexes with a different weighting scheme that focuses more directly on the competitiveness of U.S. goods in U.S. and in foreign markets. The new scheme includes three sub-measures of competitiveness:~~

~~(a) competition in the U.S. between the goods of the U.S. and country *k*~~

~~(b) competition between the goods of the U.S. and country k in the home market of country *k*~~

~~(c) competition between the goods of the U.S. and country k in the markets of third countries~~

~~The Major Currency Index uses weights that are aggregates of the three sub-measures above. As the table below illustrates, the aggregate weight for Canada is at 31.18 on January 2, 2002. This reflects the high level of trade between the U.S. and Canada.~~

~~In conversations with market participants, it was evident that many were not comfortable with this distribution of weights. It also is not indicative of the global turnover shares of individual currencies. A set of weights that ignores bilateral trade numbers and focuses more on global competitiveness seems more appropriate.~~

~~The CME$INDEX uses weights that capture the effect of (c) above. The currencies/regions included in this new index are the same as those in the Fed's Major Currency Index. Instead of the composite weights — aggregate of sub-measures (a), (b) and (c) above — CME uses weights that reflect specifically competition between the goods of the U.S. and country k in the markets of third countries. Or what CME calls competitive weights.~~

~~It is worth re-iterating that though the Fed computes competitive weights, it does not maintain an index based on these weights. Instead it maintains the Major Currency Index using an aggregate of the three sub-measures.~~

~~The table below lists the weights for the index as of February 2, 2004. Current weights shall be available from the Exchange website, http://www.cme.com, or by request. For purposes of comparison, CME has also included the weights from the Major Currency Index (an aggregate of the three sub-measures above) and the old G-10 index.~~

~~Country/currency~~	~~Weight (%)~~

[2] ~~See "New Summary Measures of the Foreign Exchange Value of the Dollar", Federal Reserve Bulletin, October 1998, Board of Governors of the Federal Reserve, Washington, D.C. for a detailed description of the construction of these indexes.~~

[3] ~~See "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision", Federal Reserve Bulletin, Board of Governors of the Federal Reserve System, Washington, D.C., Number 8, Volume 64, August 1978.~~

[4] ~~Revised February 2004.~~

	~~CME$INDEX~~	~~Major Currency Index~~	~~G-10 index~~
~~European Union/euro~~	~~44.7531~~	~~29.80~~	~~57.60~~
~~Japan/yen~~	~~23.0915~~	~~24.31~~	~~13.60~~
~~United Kingdom/pound~~	~~16.4595~~	~~7.90~~	~~11.90~~
~~Switzerland/franc~~	~~5.3834~~	~~2.20~~	~~3.60~~
~~Australia/dollar~~	~~3.5775~~	~~2.88~~	~~n.a.~~
~~Canada/dollar~~	~~2.8578~~	~~31.18~~	~~9.10~~
~~Sweden/krona~~	~~3.8772~~	~~1.73~~	~~4.20~~

~~The old G-10 index uses weights that have not been changed since 1976. The weight of each currency in this index is equal to the average of that country's share of total trade (imports plus exports) in years 1972-76, with a base period of March 1973.~~

~~Index Formula~~

~~There is a variety of formulas one could use to compute the index value. CME decided to follow an approach that is consistent with current market practice. The CME$INDEX at time t will be computed using the following equation:~~

$$CME\$INDEX_t = B_t * \prod_{i=1}^{7} \left(1/S_{i,t}\right)^{w_{i,t}} \quad , (1)$$

~~where~~ $\prod_{k=1}^{n}(x_k)$ ~~is the product of~~ x_k ~~as k ranges from 1 to n,~~ S_{it} ~~is the exchange rate of currency i at time t, expressed in dollars per unit of foreign currency,~~ $w_{i,t}$ ~~is the weight of currency i at time t, and~~ B_t ~~is a multiplier that will be calculated every time the currency weights,~~ $w_{i,t}$ ~~change to ensure index continuity. The index value will be rounded to two decimal places (0.01).~~

~~So as to ensure a sum to 100%, the weights have been rounded to four decimal places using the following procedure. In the first step, CME rounds the weights to the 4th decimal place and sums them. If the sum of the weights is greater than 1, CME looks at the 5th decimal point (when rounded to the fifth decimal place) and identifies currencies that are eligible for rounding up; of these CME picks one currency at random, and subtracts it by the appropriate amount to force the sum to 1. If the sum of the weights is less than 1, CME looks at the 5th decimal point (when rounded to the fifth decimal place) and identifies currencies that are eligible for rounding down; of these CME picks one currency at random, and adds to it the appropriate amount to force the sum to 1.~~

~~CME will use the following procedure to compute the multiplier,~~ B_t~~. The base date when the index value is set to 100 is January 1, 1999, the launch date for the euro. The value of~~ B_t ~~on this date will be determined by the equality:~~

$$CME\$INDEX_{Jan\,1,1999} = 100 = B_{1998} * \prod_{i=1}^{7} \left(1/S_{i,Jan\,1,1999}\right)^{w_{i,1999}} \quad , (2)$$

~~Solving~~[5] ~~for this equality gives us a value of 21.8194624563 for~~ B_{1998} ~~(rounded to 10 decimal places). As explained below, the value of~~ B_t ~~changes only when the weights change.~~

~~The Fed revises currency weights in the beginning of the calendar year. With a view to providing adequate transparency to the whole process, CME proposes adopting the new weights (at the start of the trading day) on the first trading day in March of every year. For example, assume that the Fed revises the weights at the beginning of 2004. The new weights will go into effect on March 1, 2004. The value of the new multiplier~~ B_t ~~will be calculated using closing spot exchange rates from the last trading day of the previous month, i.e., February. If the Fed revises the weights during the calendar year say, because of revisions in trade numbers, then CME will adopt the new weights on the first trading day of the second calendar month after the revision. For example, assume that the Fed revises the previously announced weights for the year 2003 on May 15, 2003. The new weights will go into effect on~~

[5] ~~Please note that all exchange rates used were daily closing prices from Bloomberg (field name: Px_Last).~~

~~July 1, 2003; the CME will revise the value of the multiplier B_{2003}, using closing spot exchange rates from June 30, 2003.~~

~~The Fed introduced new weights on January 1, 2000. At the end of the trading day on February 29, 2000, CME would have used the following formula to compute B_{2000}, the multiplier for 2000:~~

$$B_{2000} = B_{1999} \div \frac{\prod_{i=1}^{7}\left(1/S_{i,\ Feb\ 29,2000}\right)^{w_{i,\ Mar\ 1,2000}}}{\prod_{i=1}^{7}\left(1/S_{i,\ Feb\ 29,2000}\right)^{w_{i,\ Feb 29,2000}}} = 20.9215592016 \div 1.0670046404 = 19.6077496935\ , \quad (3)$$

~~The above equation can be expressed in more general terms as~~

$$B_t = B_{t-1} \div b_t , \quad (4)$$

~~where the variable b_t (a variable CME employs to ensure continuity in index values when currency weights change) can be expressed as~~

$$b_t = \frac{\prod_{i=1}^{7}\left(1/S_{i,t}\right)^{w_{i,t}}}{\prod_{i=1}^{7}\left(1/S_{i,t}\right)^{w_{i,t-1}}} , \quad (5)$$

~~In other words, when weights change on January 1, CME waits until close of trading on February 28 (or the last trading day in February) and computes the values in the numerator and denominator above using the new and old weights respectively.~~

~~The table below presents the values of b_t and B_t for the years 1999-2003. Note that the values did not change between 2001 and 2003. This was due to the fact that the Fed left the weights unchanged for 2002 and 2003.~~

~~Trade Date~~	~~b(t)~~	~~B(t)~~
~~January 1, 1999~~	~~n.a.~~	~~21.8225455846~~
~~March 1, 1999~~	1.043064973	20.92~~15592016~~
~~March 1, 2000~~	~~1.067004604~~	~~19.6077496935~~
~~March 1, 2001~~	~~0.815067991~~	~~24.0565816671~~
~~March 1, 2002~~	~~1.00~~	~~24.0565816671~~
~~March 1, 2003~~	~~1.00~~	~~24.0565816671~~

~~Chapter 404A~~
~~Options on CME$INDEX™ Futures~~

~~404A00. SCOPE OF CHAPTER~~

~~This chapter is limited in application to trading in put and call options on CME$INDEX futures contracts. The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

~~404A01. OPTION CHARACTERISTICS~~

~~404A01.A. Contract Months, Trading Hours, and Trading Halts~~

~~Options contracts shall be listed for such contract months (i.e., expirations) and scheduled for trading during such hours, except as indicated below, as may be determined by the Board of Directors.~~

~~There shall be no trading in any CME$INDEX option contract when the primary futures contract is limit bid or offered.~~

~~For purposes of this rule, the primary futures contract shall be defined as the futures contract trading in the lead month configuration in the pit.~~

~~For purposes of this rule, Exchange staff for the CME$INDEX shall have the responsibility of determining during RTH whether the primary futures contract is limit bid or offered. During Electronic Trading Hours (ETH), the determination shall be made by the GLOBEX Control Center.~~

~~404A01.B. Trading Unit~~

~~The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one CME$INDEX futures contract as specified in Chapter 404.~~

~~404A01.C. Price Increments~~

~~The price of an option shall be quoted in index points. Each .01 index point (one basis point) shall represent $10.00. For example, a quote of .75 represents an option price of $750.00 (75 points x $10.00 per point). The minimum fluctuation shall be one point (also known as one tick). A trade may also occur at a price of $.005 ($5.00, also known as one half tick), $.015 ($15.00, also known as one and one half ticks), $.025 ($25.00, also known as two and one half ticks), $.035 ($35.00, also known as three and one half ticks), and $.045 ($45.00, also known as four and one half ticks).~~

~~404A01.D. Underlying Futures Contract~~

~~The underlying futures contract is the nearest futures contract in the March quarterly cycle (i.e., March, June, September and December) whose termination of trading follows the option's last day of trading by more than two Exchange business days. This rule applies to March quarterly, serial, and weekly options on CME$INDEX futures contracts.~~

~~404A01.E. Position Accountability~~[6]

~~A person owning or controlling a combination of options and underlying futures contracts that exceeds 6,000 futures equivalent contracts net on the same side of the market in all contract months combined for CME$INDEX futures and options, shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.~~

~~For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option and a short underlying futures contract are on the same side of the market.~~

~~404A01.F. Accumulation of Positions~~[7]

~~For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person~~

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[6] ~~See "Interpretations & Special Notices" at the end of this chapter.~~

[7] ~~See "Interpretations & Special Notices" at the end of this chapter.~~

~~or persons have a proprietary or beneficial interest, shall be cumulated.~~

~~404A01.G. [Reserved]~~

~~404A01.H. Termination of Trading~~

~~1. Monthly Options in the March Quarterly Cycle ("Quarterly Options")~~

~~Trading in monthly options in the March quarterly cycle (i.e., March, June, September and December) shall terminate at the close of trading on the second Friday immediately preceding the third Wednesday of the contract month. If the foregoing date for termination is a scheduled Exchange holiday, trading in monthly options shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.~~

~~2. Monthly Options Not in the March Quarterly Cycle ("Serial Options")~~

~~Trading in monthly options not in the March quarterly cycle (i.e., January, February, April, May, July, August, October and November) shall terminate at the close of trading on the second Friday immediately preceding the third Wednesday of the contract month. If the foregoing date for termination is a scheduled Exchange holiday, trading in monthly options shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.~~

~~3. Weekly Options~~

~~Trading in weekly options shall terminate at the close of trading on those Fridays that are not also the termination of trading of a monthly option as described in the preceding sections 1 and 2. If the foregoing date for termination is a scheduled Exchange holiday, trading in weekly options shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.~~

~~404A01.I. Contract Modification~~

~~Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these rules, such order, ruling, directive, or law shall be construed to become part of these rules and all open and new options contracts shall be subject to such governmental orders.~~

~~404A01.J. Exercise Prices~~

~~Regular exercise prices shall be stated in terms of the CME$INDEX futures contract, which is deliverable upon exercise of the option, in intervals of 1.00, e.g., 105, 106, 107, etc. For the first seven listed expirations (i.e., four weekly option expirations, one monthly expiration in the March quarterly cycle and two monthly expirations not in the March quarterly cycle), additional exercise prices shall be stated at intervals of .5, e.g., 105.5, 106.5, 107.5, etc.~~

~~404A02. LISTING OF EXERCISE PRICES~~

~~1. Monthly Options in the March Quarterly Cycle ("Quarterly Options")~~

~~At the commencement of trading in a contract month, the Exchange shall list put and call options at the regular exercise price that is nearest the previous day's settlement price of the underlying futures contract. For options on CME$INDEX futures, the Exchange shall list put and call options at the next twelve higher and next twelve lower regular exercise prices.~~

~~When a sale, bid, offer, or settlement price in the underlying futures occurs within half a regular exercise price interval of the twelfth highest or twelfth lowest existing regular exercise price for options on CME$INDEX futures, put and call options at the next higher or next lower regular exercise price shall be listed for trading on the next trading day. New options may be listed for trading up to and including the termination of trading.~~

~~The Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.~~

~~2. Options Not in the March Quarterly Cycle ("Serial" and "Weekly Options")~~

~~Upon demand, the Exchange shall list put and call options at any regular exercise price listed for trading~~

~~in the next March quarterly cycle futures option that is nearest the expiration of the option. New options may be listed for trading up to and including the termination of trading.~~

~~3. Special Listings of Half-Interval Exercise Prices~~

~~For the first seven expirations (i.e., four weekly option expirations, one monthly expiration in the March quarterly cycle and two monthly expirations not in the March quarterly cycle) for options on CME$INDEX futures, the Exchange shall list additional options with exercise prices at one-half the regular exercise price intervals ("half interval exercise prices").~~

~~For options on CME$INDEX futures, half strikes will be listed for the whole strike range.~~

~~4. Dynamically-Listed Exercise Prices.~~

~~Upon demand and at the discretion of the Exchange, new out-of-current-range exercise prices at regularly defined intervals may be added for trading on as soon as possible basis.~~

~~404A03. EXERCISE~~

~~In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on CME$INDEX futures.~~

~~404A03.A. Exercise of Option by Buyer~~

~~An option may be exercised by the buyer on any business day that the option is traded. To exercise an option the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.~~

~~All CME$INDEX options that are in the money[8] and have not been liquidated or exercised prior to the termination of trading, shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer, be exercised automatically.~~

~~404A03.B. Assignment~~

~~Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes before the opening of Regular Trading Hours in the underlying futures contract on the following business day.~~

~~The clearing member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call is exercised or a long position if a put is exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call is exercised and a short position if a put is exercised.~~

~~All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the trading day of acceptance by the Clearing House of the exercise notice.~~

~~404A04. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES~~

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

~~(End Chapter 404A)~~

~~INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 404A~~

~~CLARIFICATION OF NEW NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE~~

~~(Special Executive Report S-1618, March 31, 1986)~~

~~Please note that the new non-agricultural option speculative position limit rule supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures~~

8 ~~An option is in the money if the settlement price of the underlying futures contract at termination lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.~~

~~position that exceeds the futures position limit rule if that gross position is part of a spread with options, such that the net position across options and futures is less than the applicable limit set in the option rule.~~