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OFFICE OF THE SECRETARIAT
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September 17, 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) and Regulation Section 40.6. Certification of Amendments to Termination of Trading and Final Settlement Procedures for CME Hurricane Index Contracts. CME Submission No. 10-266.

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") has approved amendments to the following rules for contracts based on the CME Hurricane Index (CHI):

CME Hurricane Index Futures

- 42302.G. Termination of Trading
- 42303.A. Final Settlement Price

CME Hurricane Index Binary Contract

- 423B02.I. Termination of Trading
- 423B03.B. Assignment

CME Hurricane Index Cat-In-A-Box Futures

- 43002.G. Termination of Trading
- 43003.A. Final Settlement Price

CME Hurricane Index Cat-In-A-Box Binary Contract

- 430B02.I. Termination of Trading
- 430B03.B. Assignment

Contracts based on the CHI currently call for termination of trading and final settlement two days following the last forecast/advisory issued by the National Hurricane Center (NHC) for the named storm, provided that both the NHC and the Hydrometeorological Prediction Center have stopped issuing advisories for that named storm. This two-day time lag was designed to guard against the possibility that a storm that has dissipated might regenerate after the contract has been settled.

A situation occurred in August that demonstrated the need to modify this procedure. The NHC issued a final report (Public Advisory Number 6) for Tropical Storm Colin at 5:00 PM EDT/AST on Tuesday, August 3, 2010, but with the caveat "...unless regeneration occurs":

THIS IS THE LAST PUBLIC ADVISORY ISSUED BY THE NATIONAL HURRICANE CENTER ON THIS SYSTEM UNLESS REGENERATION OCCURS. ADDITIONAL INFORMATION ON THIS SYSTEM CAN BE FOUND IN HIGH SEAS FORECASTS ISSUED BY THE NATIONAL WEATHER SERVICE...UNDER AWIPS HEADER NFDHSFAT1 AND WMO HEADER FZNT01 KWBC.

On Tuesday, August 5 at 5:00 PM EDT/AST – exactly 48 hours after the August 3 “final” report was issued – NHC resumed coverage of Tropical Storm Colin with Public Advisory Number 7:

...REMNANTS OF COLIN REGENERATE AND BECOME A TROPICAL STORM ONCE AGAIN....

Although a premature termination and final settlement were avoided in this particular situation, CME believes it is necessary to modify current procedures, and apply these modifications to as many of the remaining 2010 named storms as possible. Specifically, the Exchange is expanding the time between the “final” NHC report, and termination of trading and final settlement, from 2 business days to 5 business days. Since CME lists contracts on only three named storms at time, this change will be effective for named storm contracts for the 2010 hurricane season that have not yet been listed for trading, and therefore have no open interest. Notice that the corresponding Seasonal and Seasonal Maximum contracts currently have open interest and therefore will not be amended at this time.

At the present time (Friday, September 17), contracts for hurricanes Igor, Julia and Karl are listed for trading. All three storms are active and have attained hurricane strength. In addition, there is a low-pressure system located south of the Cape Verde Islands being monitored by market participants, which may develop into the named storm Lisa. However, no futures and options for Lisa will be listed for trading until final settlement occurs for one of the three current named storms (Igor, Julia, Karl).

Therefore, the Exchange will implement this new 5-day termination/settlement window beginning with Hurricane Matthew, which (like Hurricane Lisa) has not yet been listed for trading. This implementation schedule will allow sufficient time for the Exchange to notify market participants and avoid any confusion about this change.

The necessary amendments are presented below, with additions underlined and deletions bracketed and overstruck.

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

If you have any questions regarding this submission, please contact Paul Peterson at (312) 930-4587 or via e-mail at paul.peterson@cmegroup.com or me at (312) 648-5422. Please refer to CME Submission No. 10-266 in all correspondence regarding this matter.

Sincerely,

/s/ Stephen M. Szarmack
Regulatory Counsel

Chapter 423 CME Hurricane Index Futures

42302. FUTURES CALL

42302.G. Termination of Trading

Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least ~~two~~ five calendar days following the last forecast/advisory issued by the National Hurricane Center (NHC) for the named storm, provided that both the NHC and the Hydrometeorological Prediction Center have stopped issuing advisories for that named storm, but in no event shall trading terminate prior to the first Exchange business day that is at least ~~two~~ five calendar days following January 1, or later than the first business day that is at least ~~two~~ five calendar days following December 31. If a particular named storm is unused (i.e. that storm has not formed), trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least ~~two~~ five calendar days following December 31.

42303. SETTLEMENT PROCEDURES

42303.A. Final Settlement Price

All futures contracts remaining open at the termination of trading shall be settled using the respective CHI final value reported by EQECAT for that named storm, using the methodology in effect on that date and the NHC data from the Public Advisories issued through the life of the named storm.

For example, on August 30, 2005, the last NHC Advisory on Hurricane Katrina was issued; therefore on September ~~2~~ 6, 2005, the Eastern US contract for Hurricane Katrina would have been settled at 20.4 CHI index points, using data from the NHC's Hurricane Katrina Advisories Number 9 (Florida landfall, CHI = 1.4) and Number 26A (Louisiana landfall, CHI = 19.0).

Chapter 423B CME Hurricane Index Binary Contract

423B02. CONTRACT CALL

423B02.I. Termination of Trading

Trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least ~~two~~ five calendar days following the last forecast/advisory issued by the National Hurricane Center (NHC) for the named storm, provided that both the NHC and the Hydrometeorological Prediction Center have stopped issuing advisories for that named storm, but in no event shall trading terminate prior to the first Exchange business day that is at least ~~two~~ five calendar days following January 1, or later than the first business day that is at least ~~two~~ five calendar days following December 31. If a particular named storm is unused (i.e. that storm has not formed), trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least ~~two~~ five calendar days following December 31.

423B03. EXERCISE

423B03.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 on the following business day.

The buyer of a binary contract shall receive \$10,000 if the respective CHI is equal to or greater than the exercise price, and shall receive zero dollars (\$0) otherwise. The seller of a binary contract shall be obligated to pay \$10,000 if the respective CHI is equal to or greater than the exercise price, and shall be obligated to pay zero dollars (\$0) otherwise.

For example, on September [2] 6, 2005, the Hurricane Katrina Binary contract would have been settled at 20.4 CHI index points. Therefore, buyers of such binary contracts with exercise prices equal to or less than 20 would have received \$10,000 for each such binary contract from the sellers of each such binary contract, and buyers of such binary contracts with exercise prices of 21 or greater would have received nothing.

Chapter 430 CME Hurricane Index Cat-In-A-Box Futures

43002. FUTURES CALL

43002.G. Termination of Trading

Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least [two] five calendar days following the dissipation or exit from the designated area of a named storm, provided that both the NHC and the Hydrometeorological Prediction Center have stopped issuing advisories for that named storm, but in no event shall trading terminate prior to the first Exchange business day that is at least [two] five calendar days following January 1, or later than the first business day that is at least [two] five calendar days following December 31. If a particular named storm is unused (i.e. that storm has not formed), trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least [two] five calendar days following December 31.

43003. SETTLEMENT PROCEDURES

43003.A. Final Settlement Price

All futures contracts remaining open at the termination of trading shall be settled using the respective CHI Cat-In-A-Box final value reported by EQECAT for that named storm, using the methodology in effect on that date and the National Hurricane Center (NHC) data from the Public Advisory that results in the maximum calculated CHI Cat-In-A-Box value while the hurricane is within the designated area.

For example, on August 28, 2005, Hurricane Katrina had a maximum CHI value in the Galveston-Mobile area of 22.4 using data from NHC's Hurricane Katrina Advisory Number 25; therefore, on September 6, 2005 the Galveston-Mobile Cat-In-A-Box contract for Hurricane Katrina would have been settled at 22.4 CHI index points with the final settlement value reported by EQECAT after the final Public Advisory for Katrina had been issued by the NHC.

Chapter 430B CME Hurricane Index Cat-In-A-Box Binary Contract

430B02. CONTRACT CALL

430B02.I. Termination of Trading

Trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least [two] five calendar days following the dissipation or exit from the designated area of a named storm, provided that both the NHC and the Hydrometeorological Prediction Center have stopped issuing advisories for that named storm, but in no event shall trading terminate prior to the first Exchange business day that is at least [two] five calendar days following January 1, or later than the first business day that is at least [two] five calendar days following December 31. If a particular named storm is unused (i.e. that storm has not formed), trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least [two] five calendar days following December 31.

430B03. EXERCISE

430B03.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 on the following business day.

The buyer of a binary contract shall receive \$10,000 if the respective CHI is equal to or greater than the exercise price, and shall receive zero dollars (\$0) otherwise. The seller of a binary contract shall be obligated to pay \$10,000 if the respective CHI is equal to or greater than the exercise price, and shall be obligated to pay zero dollars (\$0) otherwise. For example, on September [2] 6, 2005, the Hurricane Katrina Galveston-Mobile Cat-In-A-Box Binary contract would have been settled at 22.4 CHI index points. Therefore, buyers of such binary contracts with exercise prices equal to or less than 22 would have received \$10,000 for each such binary contract from the sellers of each such binary contract, and buyers of such binary contracts with exercise prices of 23 or greater would have received nothing.