

October 24, 2012

**VIA E-MAIL**

Ms. Sauntia Warfield  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

**RE: Regulation 40.6(a). Chicago Mercantile Exchange Inc.  
Submission # 12-343: Revisions to CME Weather Futures and Options Chapters**

Dear Ms. Warfield:

Chicago Mercantile Exchange, Inc. ("CME" or the "Exchange") is self-certifying revisions to all CME Weather futures and options chapters in connection with the October 17, 2012, compliance date for designated contract markets ("DCMs") with respect to the Commodity Futures Trading Commission ("CFTC") final rule on Core Principles and Other Requirements for Designated Contract Markets ("Core Principles"). The revisions will become effective on November 8, 2012.

The revisions are being adopted to ensure that the Exchange's rules are in compliance with CFTC Core Principle 7 ("Availability of General Information"), which requires that DCMs make available to the public accurate information concerning the contract market's rules and regulations, contracts and operations. Correspondingly, the goal of the CME Rulebook Harmonization Project was to eliminate old, erroneous and obsolete language, ensure the accuracy of all listed numerical values (e.g, trading units, tick sizes, etc.) and harmonize the language and structure of the CME product chapters, to the best extent possible. This exercise was already completed for the CBOT product chapters in 2008, in connection with the CME/CBOT merger, and a similar review is currently underway in all NYMEX and COMEX product chapters. The majority of the revisions are stylistic in nature. The substantive revisions include the following:

- Removed product-specific position limits, accountability and reportable levels and replaced with boilerplate language redirecting to the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of CME Chapter 5
- Removed product-specific exemption and accumulation language and replaced with boilerplate language
- Removed all language pertaining to expired contracts listed in the Termination of Trading and/or Settlement Procedures rules
- Harmonized rule titles
- Harmonized Scope of Chapter language and added a boilerplate reference to Chicago time
- Removed all footnotes referencing rule revision dates
- Removed the Contract Modification section from the product chapters and will insert a boilerplate version in Chapter 4 of each Exchange's Rulebook
- Removed obsolete references to the Board and changed to the Exchange
- Removed references to outdated or obsolete SERs
- Capitalized defined terms (e.g., Business Day, Trading Day)

The Market Regulation Department and the Legal Department collectively reviewed the DCM Core Principles as set forth in the Commodity Exchange Act (“Act”). During the review, we have identified that the changes described above may have some bearing on the following Core Principles:

Compliance with Rules: The changes resulted from a comprehensive review of the existing product chapters, with the goal that the product chapters be completely accurate and for the most part harmonized as a result of the revisions. Product terms and conditions were reviewed to ensure accuracy and obsolete and inaccurate information was modified.

Position Limitations or Accountability: This Core Principle requires the DCM to adopt for each contract, as is necessary and appropriate, position limitations or position accountability for speculators. All specific position limits, accountability levels and reportable levels were removed from the product chapters. Instead, a boilerplate paragraph titled “Position Limits, Exemptions, Position Accountability and Reportable Levels” references generic position limit language and directs the reader to the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of CME Chapter 5. This change was made to eliminate multiple sources containing the same information.

Availability of General Information: These revised CME product chapters are part of a larger Core Principle 7 project undertaken to ensure that the product chapters are accurate and remain in compliance with Core Principle 7. The revised product chapters will be disseminated to the marketplace via the issuance of a Special Executive Report and will highlight any changes deemed material.

The revisions appear in Exhibit A with additions underscored or bracketed and deletions overstruck.

The Exchange certifies that the revisions in Exhibit A comply with the Act and regulations thereunder. 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>.

If you have any questions regarding this submission, please contact Erin Schwartz, Market Regulation, at 312.341.3083 or via email at [Erin.Schwartz@cmegroup.com](mailto:Erin.Schwartz@cmegroup.com) or Charles Piszczor, Research, at 312.930.4536 or via email at [Charles.Piszczor@cmegroup.com](mailto:Charles.Piszczor@cmegroup.com). Alternatively, you may contact me at 312.930.8167 or via email at [Sean.Downey@cmegroup.com](mailto:Sean.Downey@cmegroup.com). Please reference CME Submission No. 12-343 in any related correspondence.

Sincerely,

/s/ Sean Downey  
Director & Assistant General Counsel

Attachments: Exhibit A – Revisions to Weather Chapters

## Chapter 402

### CME Seasonal Strip Snowfall Index Futures

#### 40200. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading on~~ CME Seasonal Strip Snowfall Index ~~f~~Futures. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, CME Seasonal Strip Snowfall 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.

#### 40201. ~~CONTRACT~~COMMODITY SPECIFICATIONS

Daily snowfall is defined as the total snowfall recorded at a particular location between midnight and 11:59 ~~p~~p.~~m~~m. as reported by MDA Information Systems, Inc.-

Each particular CME Seasonal Strip Snowfall Index is defined as the accumulation of like snowfall values over a minimum of two, and a maximum of six, consecutive calendar months. The first calendar month in the strip may be November or later, and the last calendar month in the strip may be April or earlier. The accumulation period for each strip contract begins with the first calendar day of the contract month of the strip and ends with the last calendar day of the last month of the defined strip.

The table below lists the cities and their corresponding weather stations:

##### **Listing Cities and Corresponding Weather Stations**

New York Central Park (WBAN 94728)  
 Boston Logan International Airport (WBAN 14739)  
 New York LaGuardia Airport (WBAN 14732)  
 Chicago O'Hare International Airport (WBAN 94846)  
 Minneapolis/St. Paul Airport (WBAN 14922)  
 Detroit Metro Airport (WBAN 94847)  
 Newark International Airport (WBAN 14734)  
 Baltimore-Washington International Airport (WBAN 93721)  
 Columbus Port-Columbus International Airport (WBAN 14821)  
 Colorado Springs Municipal Airport (WBAN 93037)

#### 40202. ~~TRADING SPECIFICATIONS~~FUTURES CALL

##### 40202.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~~Board of Directors.

##### 40202.B. ~~Size of~~Trading Unit

The size of the unit of trading shall be \$500 times the respective CME Seasonal Strip Snowfall Index.

##### 40202.C. Price Increments

The minimum price fluctuation on the respective CME Seasonal Strip Snowfall Index futures shall be 0.1 (one-tenth) index point and have a value of \$50. Each index point is equal to 1 inch of snowfall.

##### 40202.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.~~

~~A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For positions involving options on the respective CME Seasonal Strip Snowfall Index futures, this rule is superseded by the option speculative position limit rule.~~

**40202.E. [Reserved]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.~~

**40202.F. [Reserved]Exemptions**

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

**40202.G. Termination of Trading**

**FOR CONTRACTS THROUGH APRIL 2012:**

~~Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least two calendar days after the futures contract month.~~

**FOR CONTRACTS BEGINNING NOVEMBER 2012:**

~~Futures trading shall terminate at 9:00 a.m.M. on the second Exchange Bbusiness Dday after the last calendar day of the last month of the defined strip.~~

**40202.H. [Reserved]Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CME Seasonal Strip Snowfall Index futures 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 governmental orders.~~

**40202.I [Reserved]**

**40203. SETTLEMENT PROCEDURES**

**40203.A. Final Settlement Price**

**FOR CONTRACTS THROUGH APRIL 2012:**

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Seasonal Strip Snowfall Index reported by MDA Information Systems, Inc. for that city for that contract period, using the methodology in effect on that date, on the first Exchange business day that is at least two calendar days after the last calendar day of the last month of the defined strip. For example, on April 3, 2006, the November 2005 – March 2006 futures contract on the Boston CME Seasonal Strip Snowfall Index would have been settled at 38.30.~~

**FOR CONTRACTS BEGINNING NOVEMBER 2012:**

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Seasonal Strip Snowfall Index reported by MDA Information Systems, Inc. for that city for that contract period, using the methodology in effect on that date, on the second Exchange Bbusiness Dday after the last calendar day of the last month of the defined strip. For example, on April 4, 2006, the November 2005 – March 2006 futures contract on the Boston CME Seasonal Strip Snowfall Index would have been settled at 38.30.~~

**40203.B. Final Settlement**

Clearing members holding open positions in a CME Seasonal Strip Snowfall 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.

**40204. [RESERVED]**

**40205.-06. [RESERVED]**

## **INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 402**

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

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") grants the Exchange the rights to use various data ("Data") in connection with the trading of futures contracts, options on futures contract and binary options on futures contracts based on such Data. MDA 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, binary's on futures contracts or any other use. MDA makes no express or implied warranties, and expressly disclaims all warranties or merchantability or fitness for a particular purpose or use with respect to the Data. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 402A

### Options on CME Seasonal Strip Snowfall Index Futures

#### 402A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME Seasonal Strip Snowfall Index futures ~~contracts~~. ~~The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, options on CME Seasonal Strip Snowfall 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.~~

#### 402A01. OPTIONS CHARACTERISTICS

##### 402A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange~~Board of Directors.

##### 402A01.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 respective CME Seasonal Strip Snowfall Index futures contract as specified in Chapter 402.

##### 402A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CME Seasonal Strip Snowfall Index. Each index point represents \$500. For example, a quote of 2 index points represents \$1,000. The minimum fluctuation shall be 0.1 (one-tenth) index point (also known as one tick), equal to \$50.

##### 402A01.D. [Reserved]

##### 402A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Seasonal Strip Snowfall Index futures contract. Eligible exercise prices shall also be at intervals of 0.1 (one-tenth) index point (e.g., 1.0, 1.1, 1.2, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of 0.1 (one-tenth) index point in a range of 0 to 200 index points. New options may be listed for trading up to and including the termination of trading.

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

##### 402A01.F. 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.~~

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures-equivalent contracts net on the same side of the market in all contract months combined.~~

~~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.~~

**402A01.G. ~~[Reserved]~~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.~~

**402A01.H. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

**402A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**402A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

**402A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME Seasonal Strip Snowfall Index options.

**402A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer only on the termination of Ttrading Dday. 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.

An option that is in the money and has not been liquidated 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.

**402A02.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 Dday.

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 Ttrading Dday of acceptance by the Clearing House of the exercise notice.

**402A03. [RESERVED]**

(End Chapter 402A)

**INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER  
402A****CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

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

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## Chapter 402B

### CME Seasonal Strip Snowfall Index Binary Contract

#### 402B00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading of~~ binary contracts on the CME Seasonal Strip Snowfall Index. In addition to this chapter, binary contracts on the CME Seasonal Strip Snowfall Index 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. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

#### 402B01. CONTRACT COMMODITY SPECIFICATIONS

CME Seasonal Strip Snowfall Index values will be calculated by MDA Information Systems, Inc., using the locations and method described in Chapter 402.

#### 402B02. CONTRACT CALL OPTIONS CHARACTERISTICS

##### 402B02.A. Trading Schedule

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

##### 402B02.B. Trading Unit

The unit of trading shall be \$10,000.

##### 402B02.C. Minimum Fluctuations

The price of a binary contract shall be quoted in terms of the respective CME Seasonal Strip Snowfall index. Each index point represents \$100. For example, a quote of 18.1 index points represents a price of \$1,810. The minimum fluctuation shall be 0.1 index point (also known as one tick), equal to \$10.

##### 402B02.D. [Reserved]

##### 402B02.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Seasonal Strip Snowfall Index. Eligible exercise prices shall be at intervals of 0.1 index point (e.g., 1.0, 1.1, 1.2, etc.).

At the commencement of trading in a contract, binary contracts shall be listed at intervals of 5 index point in a range of 1 to 200 index points. New binary contracts may be listed for trading up to and including the termination of trading.

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

##### 402B02.F. 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.

~~A person owning or controlling more than 10,000 binary contracts in any individual contract 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.~~

##### 402B02.G. [Reserved] 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.~~

**402B02.H. [Reserved]**

**402B02.I. Termination of Trading**

~~**FOR CONTRACTS THROUGH APRIL 2012:**~~

~~Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least two calendar days after following the end of the seasonal strip.~~

~~**FOR CONTRACTS BEGINNING NOVEMBER 2012:**~~

~~Trading shall terminate at 9:00 a.m. on the second Exchange Business Delay after the last calendar day of the last month of the defined strip.~~

**402B02.J. [Reserved] Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract except that all contracts 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 contracts shall be subject to such governmental orders.~~

**402B02.K. [Reserved]**

## **402B03. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CME Seasonal Strip Snowfall Index binary contracts.

**402B03.A. Exercise of Binary Contract by Buyer**

A binary contract may be exercised by the buyer on any Business Delay that the contract is traded. Exercise of a binary contract is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

A binary contract that is in the money (i.e., the respective Seasonal Strip Snowfall Index is equal to or greater than the exercise price) and has not been liquidated 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 buyer, be exercised automatically.

**402B03.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 Delay.

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

For example, on May 4, 2009, the Boston Logan bBinary contract would have been settled at 66.8 index points. Therefore, buyers of such binary contracts with exercise prices equal to or less than 66.8 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 66.9 or greater would have received nothing.

**402B03.C. Final Settlement**

All binary contracts remaining open at the termination of trading shall be settled using the respective Seasonal Strip Snowfall Index final value reported by MDA Information Systems, Inc. using the methodology in effect on that date.

Clearing members holding open positions in a Seasonal Strip Snowfall Index binary contract

that is in the money 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. All such positions shall be settled at a price of 100 index points, equal to \$10,000, 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.

**402B04. [RESERVED]**

**402B05.-06. [RESERVED]**

(End Chapter 402B)

### **INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 402B**

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

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") grants the Exchange the rights to use various data ("Data") in connection with the trading of futures contracts, options on futures contract and binary options on futures contracts based on such Data. MDA 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, binary's on futures contracts or any other use. MDA makes no express or implied warranties, and expressly disclaims all warranties or merchantability or fitness for a particular purpose or use with respect to the Data. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 403 CME Degree Days Index Futures

### 40300. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on~~ CME Degree Days Index ~~esfutures~~: the CME Heating-Degree-Days (CME-HDD) Index and the CME Cooling-Degree-Days (CME-CDD) Index. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~ In addition to this chapter, CME Degree Days 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.

### 40301. ~~CONTRACT~~COMMODITY SPECIFICATIONS <sup>†</sup>

#### 1. Heating Degree Days and Cooling Degree Days

The daily average temperature is defined as the arithmetic average of the maximum and minimum temperature recorded between midnight and 11:59 ~~p.m.~~ as reported by MDA Information Systems, Inc.

For each day, Heating-Degree-Days (HDD) is the greater of (1) zero, (2) 65 degrees Fahrenheit minus the daily average temperature.

For each day, Cooling-Degree-Days (CDD) is the greater of (1) zero, (2) the daily average temperature minus 65 degrees Fahrenheit.

#### 2. The CME Degree Days Indexes and Listing Cities

Each particular CME Degree Days index, is the accumulation of like Degree Days over a calendar month. The accumulation period of each CME-HDD or CME-CDD Index Futures contract begins with the first calendar day of the contract month and ends with the last calendar day of the contract month.

The temperature for a particular city is reported from a specific automated weather station. The table below lists the cities and their corresponding weather stations:

#### Listing Cities and Corresponding Automated Weather Stations

Atlanta Hartsfield International Airport (WBAN 13874)  
 Baltimore/Washington International Airport (WBAN 93721)  
 Boston Logan International Airport (WBAN 14739)  
 Chicago O'Hare International Airport (WBAN 94846)  
 Cincinnati Northern Kentucky (Covington) Airport (WBAN 93814)  
 Colorado Springs Municipal Airport (WBAN 93037)  
 Dallas-Fort Worth International Airport (WBAN 03927)  
 Des Moines International Airport (WBAN 14933)  
 Detroit Metro Airport (WBAN 94847)  
 Houston Bush Intercontinental Airport (WBAN 12960)  
 Jacksonville International Airport (WBAN 13889)  
 Kansas City International Airport (WBAN 03947)  
 Las Vegas McCarran International Airport (WBAN 23169)  
 Little Rock Adams Field (WBAN 13963)  
 Los Angeles Downtown USC Campus (WBAN 93134)  
 Minneapolis-St. Paul International Airport (WBAN 14922)  
 New York La Guardia Airport (WBAN 14732)  
 Philadelphia International Airport (WBAN 13739)  
 Portland International Airport (WBAN 24229)  
 Raleigh/Durham International Airport (WBAN 13722)  
 Sacramento Executive Airport (WBAN 23232)  
 Salt Lake City International Airport (WBAN 24127)

<sup>†</sup> Revised September 2003, May 2008.

Tucson International Airport (WBAN 23160)  
Washington/Reagan National Airport (WBAN 13743)

#### 40302. **TRADING SPECIFICATIONS FUTURES CALL**

##### 40302.A. **Trading Schedule<sup>1</sup>**

Futures contracts shall be scheduled for trading and delivery during such hours in such months as may be determined by the [Exchange Board of Directors](#).

##### 40302.B. **Size of Trading Unit<sup>2</sup>**

The size of the unit of trading shall be \$20 times the respective CME Degree Days Index.

##### 40302.C. **Price Increments<sup>3</sup>**

The minimum price fluctuation on the respective CME Degree Days Index futures shall be 1 index point and have a value of \$20.

##### 40302.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.

A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For position involving options on the respective CME Degree Days Index futures, this rule is superseded by the option speculative position limit rule.

##### 40302.E. **[Reserved] 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.~~

##### 40302.F. **[Reserved] Exemptions**

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

##### 40302.G. **Termination of Trading**

~~FOR CDD CONTRACTS THROUGH OCTOBER 2011 AND FOR HDD CONTRACTS THROUGH APRIL 2012:~~

~~Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least two calendar days after the futures contract month.~~

~~FOR CDD CONTRACTS BEGINNING APRIL 2012 AND FOR HDD CONTRACTS BEGINNING OCTOBER 2012:~~

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

##### 40302.H. **[Reserved] Contract Modification<sup>4</sup>**

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must~~

<sup>1</sup> Revised March 2004.

<sup>2</sup> Revised September 2003; March 2004.

<sup>4</sup> Revised September 2003.

~~conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CME Degree Days Index futures 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 governmental orders.~~

**40302.I [Reserved]**

## **40303. SETTLEMENT PROCEDURES**

### **40303.A. Final Settlement Price <sup>4</sup>**

~~FOR CDD CONTRACTS THROUGH OCTOBER 2011 AND FOR HDD CONTRACTS THROUGH APRIL 2012:~~

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Degree Days Index reported by MDA Information Systems, Inc. for that city for that contract month, using the methodology in effect on that date, on the first Exchange business day that is at least two calendar days after the futures contract month. For example, on January 4, 1999, the December 1998 futures contract on the CME Chicago HDD Index would have been settled at 940.5 Heating Degree Days.~~

~~FOR CDD CONTRACTS BEGINNING APRIL 2012 AND FOR HDD CONTRACTS BEGINNING OCTOBER 2012:~~

All futures contracts remaining open at the termination of trading shall be settled using the respective CME Degree Days Index reported by MDA Information Systems, Inc. for that city for that contract month, using the methodology in effect on that date, on the second Exchange ~~B~~usiness ~~D~~ay after the futures contract month. For example, on January 5, 1999, the December 1998 futures contract on the CME Chicago HDD Index would have been settled at 940.5 Heating Degree Days.

### **40303.B. Final Settlement**

Clearing members holding open positions in a CME Degree Days 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.

## **40304. [RESERVED]**

## **40305. - 06. [RESERVED]**

(End Chapter 403)

## **INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 403 <sup>2</sup>**

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

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages

<sup>4</sup> ~~Revised April 2003; September 2003; August 2011.~~

<sup>2</sup> ~~Effective March 2003.~~

(including lost profits), even if notified of the possibility of such damages.

## Chapter 403A

### Options on CME Degree Days Index Futures

#### 403A00. SCOPE OF CHAPTER <sup>1</sup>

This chapter is limited in application to ~~trading in put and call~~ options on CME Degree Days Index futures ~~contracts~~. ~~The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~ In addition to this chapter, options on CME Degree Days 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.

#### 403A01. OPTIONS CHARACTERISTICS

##### 403A01.A. Contract Months and Trading Hours <sup>2</sup>

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange Board of Directors~~.

##### 403A01.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 respective CME Degree Days Index futures contract as specified in Chapter 403.

##### 403A01.C. Minimum Fluctuations <sup>3</sup>

The price of an option shall be quoted in terms of the respective CME Degree Days Index. Each index point represents \$20. For example, a quote of 2 index points represents \$40. The minimum fluctuation shall be 1.0 HDD or 1.0 CDD (also known as one tick), equal to \$20).

##### 403A01.D. [Reserved]

##### 403A01.E. Exercise Prices <sup>4</sup>

Exercise prices shall be stated in terms of the respective CME Degree Days Index futures contract. Eligible exercise prices shall also be at intervals of 1 index point (e.g., 710, 711, 712, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 0 to 1500 index points for CDD months and a range of 0 to 3200 index points for HDD months upon demand evidenced in the options pit. New options may be listed for trading up to and including the termination of trading.

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

##### 403A01.F. Position Limits, Exemptions, Position Accountability and Reportable Levels <sup>5</sup>

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.

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures-equivalent contracts net on the same side of the market in all contract months combined.~~

<sup>1</sup> ~~Revised September 2003.~~

<sup>2</sup> ~~Revised December 2001.~~

<sup>3</sup> ~~Revised September 2003; March 2004.~~

<sup>4</sup> ~~Revised December 2001; July 2002; October 2002; September 2003; December 2003; January 2004; July 2004.~~

<sup>5</sup> ~~Revised September 2003.~~



~~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.~~

**403A01.G. ~~[Reserved]~~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.~~

**403A01.H. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

**403A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**403A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

**403A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME Degree Days options.

**403A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer only on the termination of Ttrading Dday. 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.

An option that is in the money and has not been liquidated 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.

**403A02.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 Bbusiness Dday.

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 Ttrading Dday of acceptance by the Clearing House of the exercise notice.

**403A03. [RESERVED]**

(End Chapter 403A)

**INTERPRETATIONS AND SPECIAL NOTICES**

**RELATING TO CHAPTER 403A****CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 405

### CME Seasonal Strip Degree Days Index Futures

#### 40500. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on~~ CME Seasonal Strip Degree Days Indexes futures: the CME Seasonal Strip Heating-Degree-Days (CME SSHDD) Index and the CME Seasonal Strip Cooling-Degree-Days (CME SSCDD) Index. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, CME Seasonal Strip Degree Days 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.

#### 40501. ~~CONTRACT~~COMMODITY SPECIFICATIONS <sup>†</sup>

##### 1. Heating Degree Days and Cooling Degree Days

The daily average temperature is defined as the arithmetic average of the maximum and minimum temperature recorded between midnight and 11:59p ~~P.m.~~ as reported by MDA Information Systems, Inc..

For each day, Heating-Degree-Days (HDD) is the greater of (1) zero, (2) 65 degrees Fahrenheit minus the daily average temperature.

For each day, Cooling-Degree-Days (CDD) is the greater of (1) zero, (2) the daily average temperature minus 65 degrees Fahrenheit.

##### 2. The CME Seasonal Strip Degree Days Indexes and Listing Cities

Each particular CME Seasonal Strip Degree Days index is the accumulation of like Degree Days over a minimum of two, and a maximum of seven, consecutive calendar months. For a seasonal strip involving Cooling Degree Days, the first calendar month in the strip may be April or later, and the last calendar month in the strip may be October or earlier. For a seasonal strip involving Heating Degree Days, the first calendar month in the strip may be October or later, and the last calendar month in the strip may be April or earlier. A separate futures contract shall be listed for each strip. The accumulation period of each CME SSHDD or CME SSCDD 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 defined strip.

The temperature for a particular city is reported from a specific automated weather station. The table below lists the cities and their corresponding weather stations:

##### Listing Cities and Corresponding Automated Weather Stations

Atlanta Hartsfield International Airport (WBAN 13874)  
 Baltimore/Washington International Airport (WBAN 93721)  
 Boston Logan International Airport (WBAN 14739)  
 Chicago O'Hare International Airport (WBAN 94846)  
 Cincinnati-Northern Kentucky ( Covington) Airport (WBAN 93814)  
 Colorado Springs Municipal Airport (WBAN 93037)  
 Dallas – Ft. Worth International Airport (WBAN 03927)  
 Des Moines International Airport (WBAN 14933)  
 Detroit Metro Airport (WBAN 94847)  
 Houston Bush Intercontinental Airport (WBAN 12960)  
 Jacksonville International Airport (WBAN 13889)  
 Kansas City International Airport (WBAN 03947)  
 Las Vegas McCarran International Airport (WBAN 23169)  
 Little Rock Adams Field (WBAN 13963)  
 Los Angeles Downtown USC Campus (WBAN 93134)  
 Minneapolis-St. Paul International Airport (WBAN 14922)

<sup>†</sup> ~~Revised September 2003; June 2004; May 2008.~~

New York La Guardia Airport (WBAN 14732)  
 Philadelphia International Airport (WBAN 13739)  
 Portland International Airport (WBAN 24229)  
 Raleigh/Durham International Airport (WBAN 13722)  
 Sacramento Executive Airport (WBAN 23232)  
 Salt Lake City International Airport (WBAN 24127)  
 Tucson International Airport (WBAN 23160)  
 Washington/Reagan National Airport (WBAN 13743)

## 40502. **TRADING SPECIFICATIONS FUTURES CALL**

### 40502.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 Board of Directors.

### 40502.B. ~~Size of Trading Unit~~<sup>1</sup>

The size of the unit of trading shall be \$20 times the respective CME Seasonal Strip Degree Days Index.

### 40502.C. Price Increments<sup>2</sup>

The minimum price fluctuation on the CME Seasonal Strip Degree Days Index futures shall be 1 index point and have a value of \$20.

### 40502.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.

~~A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For position involving options on the respective CME Seasonal Strip Degree Days Index futures, this rule is superseded by the option speculative position limit rule.~~

### 40502.E. ~~[Reserved]~~ **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.~~

### 40502.F. ~~[Reserved]~~ **Exemptions**

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

### 40502.G. Termination of Trading

~~**FOR CDD CONTRACTS THROUGH OCTOBER 2011 AND FOR HDD CONTRACTS THROUGH APRIL 2012:**~~

~~Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least two calendar days after the last calendar day of the last month of the defined strip.~~

~~**FOR CDD CONTRACTS BEGINNING APRIL 2012 AND FOR HDD CONTRACTS BEGINNING OCTOBER 2012:**~~

~~Futures trading shall terminate at 9:00 a.m. on the second Exchange ~~B~~business ~~D~~day after the last calendar day of the last month of the defined strip.~~

<sup>1</sup> Revised March 2004.

<sup>2</sup> Revised September 2003; March 2004.

**40502.H. ~~[Reserved]Contract Modification~~<sup>1</sup>**

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CME Seasonal Strip Degree Days Index futures 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 governmental orders.~~

**40502.I. ~~[Reserved]~~****40503. SETTLEMENT PROCEDURES<sup>2</sup>****40503.A. Final Settlement Price<sup>3</sup>****~~FOR CDD CONTRACTS THROUGH OCTOBER 2011 AND FOR HDD CONTRACTS THROUGH APRIL 2012:~~**

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Seasonal Strip Degree Days Index reported by MDA Information Systems, Inc. for that city for that contract period, using the methodology in effect on that date, on the first Exchange business day that is at least two calendar days after the last calendar day of the last month of the defined strip. For example, on April 3, 2001, the November 2000 - March 2001 futures contract on the CME Chicago Nov-Mar '01 SSHDD Index would have been settled at 5660.0 Heating Degree Days.~~

**~~FOR CDD CONTRACTS BEGINNING APRIL 2012 AND FOR HDD CONTRACTS BEGINNING OCTOBER 2012:~~**

All futures contracts remaining open at the termination of trading shall be settled using the respective CME Seasonal Strip Degree Days Index reported by MDA Information Systems, Inc. for that city for that contract period, using the methodology in effect on that date, on the second Exchange ~~B~~business ~~D~~day after the last calendar day of the last month of the defined strip. For example, on April 3, 2001, the November 2000 - March 2001 futures contract on the CME Chicago Nov-Mar '01 SSHDD Index would have been settled at 5660.0 Heating Degree Days.

**40503.B. Final Settlement**

Clearing members holding open positions in a CME Seasonal Strip Degree Days 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.

**40504. [RESERVED]****40505 - 06 [RESERVED]**

(End Chapter 405)

## INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 405

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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

<sup>1</sup>~~Revised September 2003.~~

<sup>2</sup>~~Revised September 2003.~~

<sup>3</sup>~~Revised September 2003; August 2011.~~

limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 405A

### Options on CME Seasonal Strip Degree Days Index Futures

#### 405A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME Seasonal Strip Degree Days Index futures ~~contracts~~. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, options on CME Seasonal Strip Degree Days 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.~~

#### 405A01. OPTIONS CHARACTERISTICS

##### 405A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange Board of Directors~~.

##### 405A01.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 respective CME Seasonal Strip Degree Days Index futures contract as specified in Chapter 405.

##### 405A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CME Seasonal Strip Degree Days Index. Each index point represents \$20. For example, a quote of 2 index points represents \$40. The minimum fluctuation shall be 1.0 HDD or 1.0 CDD (also known as one tick), equal to \$20.

##### 405A01.D. [Reserved]

##### 405A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Seasonal Strip Degree Days Index futures contract. Eligible exercise prices shall be at intervals of 1 CME Seasonal Strip Degree Days Index point (e.g., 4510, 4511, 4512, etc.).

At the commencement of options trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 0 to 7500 index points for the CDD season and a range of 0 to 16,000 index points for the HDD season upon demand evidenced in the options pit. New options may be listed for trading up to and including the termination of trading.

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

##### 405A01.F. 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.~~

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in all contract months combined.~~

~~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.~~

##### 405A01.G. ~~[Reserved] 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.~~

**405A01.H. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559.A. and shall not apply to other option positions exempted pursuant to Rule 559.~~

**405A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**405A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

**405A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME Seasonal Degree Days options.

**405A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer only on the termination of Ttrading Dday. 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.

An option that is in the money and has not been liquidated 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.

**405A02.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 Bbusiness Dday.

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 Ttrading Dday of acceptance by the Clearing House of the exercise notice.

**405A03. [RESERVED]**

(End Chapter 405A)

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 405A**

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

#### **CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

## Chapter 406

### CME European HDD Index Futures

#### 40600. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on~~ CME European HDD Index ~~es futures~~. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. 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~~COMMODITY 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, as reported by MDA Information Systems, Inc.

- Amsterdam-Schiphol, Netherlands (WMO 06240): Between 0000 and 2359 UTC the current day for Tmax, and between 0000 and 2359 UTC the current day for Tmin
- Barcelona Prat De Llobregat Aeropuerto, Spain (WMO 08181): Between 0000 and 2359 UTC the current day for Tmax, and between 0000 and 2359 UTC the current day for Tmin
- Berlin-Tempelhof, Germany (WMO 10384): Between 2351 UTC the previous day and 2350 UTC the current day for Tmax, and between 2351 UTC the previous day and 2350 UTC the current day for Tmin
- Essen, Germany (WMO 10410): Between 2351 UTC the previous day and 2350 UTC the current day for Tmax, and between 2351 UTC the previous day and 2350 UTC the current day for Tmin
- London-Heathrow, United Kingdom (WMO 03772): Between 0900 UTC the current day and 0859 UTC the following day for Tmax, and between 0900 UTC the previous day and 0859 UTC the current day for Tmin
- Madrid Barajas Aeropuerto, Spain (WMO 08221): Between 0000 and 2359 UTC the current day for Tmax, and between 0000 and 2359 UTC the current day for Tmin
- Oslo-Blindern, Norway (WMO 01492): Between 1800 UTC the previous day and 1759 UTC the current day for Tmax, and between 1800 UTC the previous day and 1759 UTC the current day for Tmin.<sup>1</sup>
- Paris-Orly, France (WMO 07149): Between 0600 UTC the current day and 0559 UTC the following day for Tmax, and between 1800 UTC the previous day and 1759 UTC the current day for Tmin
- Rome Ciampino, Italy, (WMO 16239): Between 0000 and 2359 UTC the current day for Tmax, and between 0000 and 2359 UTC the current day for Tmin
- Stockholm-Observatoriet, Sweden (WMO 02485): Between 1800 UTC the previous day and 1759 UTC the current day for Tmax, and between 1800 UTC the previous day and 1759 UTC the current day for Tmin
- Prague, Ruzyne Czech Republic (WMO 11518): Between 2100 UTC the previous day and 2059 UTC the current day for Tmax, and between 2100 UTC the previous day and

<sup>1</sup>~~Revised June 2008.~~

2059 UTC the current day for Tmin

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 FUTURES CALL**

### 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 Board of Directors](#).

### 40602.B. ~~Size of~~ 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 <sup>4</sup>

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.](#)

~~A person shall not own or control more than 10,000 contracts not long or not short in all contract months combined. For position involving options on the respective CME European HDD Index futures, this rule is superseded by the option speculative position limit rule.~~

### 40602.E. ~~[Reserved]~~ 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.~~

### 40602.F. ~~[Reserved]~~ Exemptions

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

### 40602.G. Termination of Trading<sup>2</sup>

~~**FOR CONTRACTS THROUGH APRIL 2012:**~~

~~Futures trading shall terminate at 9:00 A.M. Chicago time on the first Exchange business day that is at least five calendar days after the futures contract month.~~

~~**FOR CONTRACTS BEGINNING OCTOBER 2012:**~~

~~Futures trading shall terminate at 9:00 a.m. Chicago time on the fifth Exchange ~~B~~business ~~D~~day after the futures contract month.~~

### 40602.H. ~~[Reserved]~~ Contract Modification

<sup>4</sup> Revised March 2004.

<sup>2</sup> Revised October 2007.

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CME European HDD Index futures 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 governmental orders.~~

40602.I. [Reserved]

#### 40603. SETTLEMENT PROCEDURES

40603.A. Final Settlement Price<sup>†</sup>

~~**FOR CONTRACTS THROUGH APRIL 2012:**~~

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME European HDD Index reported by MDA Information Systems, Inc. for that city for that contract month, using the methodology in effect on that date, on the first Exchange business day that is at least five calendar days after the futures contract month. For example, on January 6, 2003, the December 2002 futures contract on the CME Amsterdam-Schiphol European HDD Index would have been settled at 468.60 Heating Degree Days.~~

~~**FOR CONTRACTS BEGINNING OCTOBER 2012:**~~

All futures contracts remaining open at the termination of trading shall be settled using the respective CME European HDD Index reported by MDA Information Systems, Inc. for that city for that contract month, using the methodology in effect on that date, on the fifth Exchange ~~B~~usiness ~~D~~ay 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

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

<sup>†</sup>Revised October 2007; August 2011.

## Chapter 406A

### Options on CME European HDD Index Futures

#### 406A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME European HDD Index futures ~~contracts~~. ~~The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~ In addition to this chapter, options on 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.

#### 406A01. OPTIONS CHARACTERISTICS

##### 406A01. A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange~~ Board of Directors.

##### 406A01. 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 respective CME European HDD Index futures contract as specified in Chapter 406.

##### 406A01.C. Minimum Fluctuations <sup>1</sup>

The price of an option shall be quoted in terms of the respective CME European HDD Index. Each index point represents 20 British pounds (pounds sterling) for London-Heathrow, or 20 Euros (€) for all other locations. For example, a quote of 2 index points represents 40 British pounds (pounds sterling) for London-Heathrow, or 40 Euros (€) for all other locations. The minimum fluctuation shall be 1.0 index point (also known as one tick), equal to 20 British pounds (pounds sterling) for London-Heathrow, or 20 Euros (€) for all other locations.

##### 406A01.D. [Reserved]

##### 406A01.E. Exercise Prices <sup>2</sup>

Exercise prices shall be stated in terms of the respective CME European HDD Index futures contract. Eligible exercise prices shall also be at intervals of 1 index point (e.g., 710, 711, 712, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 0 to 1700 index points for HDD months upon demand evidenced in the options pit. New options may be listed for trading up to and including the termination of trading.

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

##### 406A01.F. 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.

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in all contract months combined.~~

<sup>1</sup> Revised March 2004.

<sup>2</sup> Revised July 2004.

~~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.~~

#### **406A01.G. ~~[Reserved]~~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.~~

#### **406A01.H. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

#### **406A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

#### **406A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

### **406A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME European HDD options.

#### **406A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer only on the termination of ~~T~~trading ~~D~~day. To exercise an option the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of exercise.

An option that is in the money and has not been liquidated prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of expiration by the clearing member representing the option buyer, be exercised automatically.

#### **406A02.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 ~~B~~business ~~D~~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 ~~T~~trading ~~D~~day of acceptance by the Clearing House of the exercise notice.

#### **406A03. [RESERVED]**

(End Chapter 406A)

## INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 406A

### CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

### LIMITATION OF LIABILITY AND DISCLAIMER

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 407

### CME European Seasonal Strip HDD Index Futures

#### 40700. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on~~ CME European Seasonal Strip HDD Index ~~esfutures~~. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. 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~~COMMODITY 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, as reported by MDA Information Systems, Inc.

- Amsterdam-Schiphol, Netherlands (WMO 06240): Between 0000 and 2359 UTC the current day for Tmax, and between 0000 and 2359 UTC the current day for Tmin
- Barcelona Prat De Llobregat Aeropuerto, Spain (WMO 08181): Between 0000 and 2359 UTC the current day for Tmax, and between 0000 and 2359 UTC the current day for Tmin
- Berlin-Tempelhof, Germany (WMO 10384): Between 2351 UTC the previous day and 2350 UTC the current day for Tmax, and between 2351 UTC the previous day and 2350 UTC the current day for Tmin
- Essen, Germany (WMO 10410): Between 2351 UTC the previous day and 2350 UTC the current day for Tmax, and between 2351 UTC the previous day and 2350 UTC the current day for Tmin
- London-Heathrow, United Kingdom (WMO 03772): Between 0900 UTC the current day and 0859 UTC the following day for Tmax, and between 0900 UTC the previous day and 0859 UTC the current day for Tmin
- Madrid Barajas Aeropuerto, Spain (WMO 08221): Between 0000 and 2359 UTC the current day for Tmax, and between 0000 and 2359 UTC the current day for Tmin
- Oslo-Blindern, Norway (WMO 01492): Between 0600 UTC the current day and 0559 UTC the current day for Tmax, and between 1800 UTC the previous day and 1759 UTC the current day for Tmin.<sup>+</sup>
- Paris-Orly, France (WMO 07149): Between 0600 UTC the current day and 0559 UTC the following day for Tmax, and between 1800 UTC the previous day and 1759 UTC the current day for Tmin
- Rome Ciampino, Italy (WMO 16239): Between 0000 and 2359 UTC the current day for Tmax, and between 0000 and 2359 UTC the current day for Tmin
- Stockholm-Observatoriet, Sweden (WMO 02485): Between 1800 UTC the previous day and 1759 UTC the current day for Tmax, and between 1800 UTC the previous day and 1759 UTC the current day for Tmin
- Prague, Ruzyne Czech Republic (WMO 11518): Between 2100 UTC the previous day and 2059 UTC the current day for Tmax, and between 2100 UTC the previous day and 2059 UTC the current day for Tmin

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 particular CME European Seasonal Strip HDD index is the accumulation of like Degree Days over a minimum of two, and a maximum of seven, consecutive calendar months. For a Heating Degree Days seasonal strip, the first calendar month in the strip may be October or later, and the

<sup>+</sup>Revised June 2008.



last calendar month in the strip may be April or earlier. 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 FUTURES CALL**

##### **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 Board of Directors](#).

##### **40702.B. ~~Size of~~ 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.

~~A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For position involving options on the respective CME European Seasonal Strip HDD Index futures, this rule is superseded by the option speculative position limit rule.~~

##### **40702.E. [Reserved] 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.~~

##### **40702.F. [Reserved] Exemptions**

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

##### **40702.G. Termination of Trading<sup>†</sup>**

###### **FOR CONTRACTS THROUGH APRIL 2012:**

~~Futures trading shall terminate at 9:00 A.M. Chicago time on the first Exchange business day that is at least five calendar days after the last calendar day of the last month of the defined strip.~~

###### **FOR CONTRACTS BEGINNING OCTOBER 2012:**

~~Futures trading shall terminate at 9:00 a.m. Chicago time on the fifth Exchange ~~B~~business ~~D~~day after the last calendar day of the last month of the defined strip.~~

##### **40702.H. [Reserved] Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CME European Seasonal Strip HDD Index futures 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~~

<sup>†</sup> Revised October 2007; August 2011.

~~and now contracts shall be subject to such governmental orders.~~

40702. I. [Reserved]

#### 40703. SETTLEMENT PROCEDURES

40703.A. Final Settlement Price<sup>4</sup>

~~**FOR CONTRACTS THROUGH APRIL 2012:**~~

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME European Seasonal Strip HDD Index reported by MDA Information Systems, Inc. for that city for that contract period, using the methodology in effect on that date, on the first Exchange business day that is at least five calendar days 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.~~

~~**FOR CONTRACTS BEGINNING OCTOBER 2012:**~~

All futures contracts remaining open at the termination of trading shall be settled using the respective CME European Seasonal Strip HDD Index reported by MDA Information Systems, Inc. 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

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

<sup>4</sup>~~Revised October 2007; August 2011.~~

## Chapter 407A

### Options on CME European Seasonal Strip HDD Index Futures

#### 407A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME European Seasonal Strip HDD Index futures ~~contracts~~. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~ In addition to this chapter, options on 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.

#### 407A01. OPTIONS CHARACTERISTICS

##### 407A01. A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the Exchange Board of Directors.

##### 407A01. 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 respective CME European Seasonal Strip HDD Index futures contract as specified in Chapter 407.

##### 407A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CME European Seasonal Strip HDD Index. Each index point represents 20 British pounds (pounds sterling) for London-Heathrow, or 20 Euros (€) for all other locations. For example, a quote of 2 index points represents 40 British pounds (pounds sterling) for London-Heathrow, or 40 Euros (€) for all other locations. The minimum fluctuation shall be 1.0 index point (also known as one tick), equal to 20 British pounds (pounds sterling) for London-Heathrow, or 20 Euros (€) for all other locations.

##### 407A01.D. [Reserved]

##### 407A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME European Seasonal Strip HDD Index futures contract. Eligible exercise prices shall be at intervals of 1 CME Seasonal Degree Days Index point (e.g., 4510, 4511, 4512, etc.).

At the commencement of options trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 0 to 8500 index points for a seasonal Strip HDD upon demand evidenced in the options pit. New options may be listed for trading up to and including the termination of trading.

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

##### 407A01.F. 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.

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures-equivalent contracts net on the same side of the market in all contract months combined.~~

~~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.~~

**407A01.G. ~~[Reserved]~~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.~~

**407A01.H. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559, and shall not apply to other option positions exempted pursuant to Rule 559.~~

**407A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**407A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

**407A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME European Seasonal Strip HDD options.

**407A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer only on the termination of ~~T~~trading ~~D~~day. To exercise an option the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of exercise.

An option that is in the money and has not been liquidated prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of expiration by the clearing member representing the option buyer, be exercised automatically.

**407A02.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 ~~B~~business ~~D~~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 ~~T~~trading ~~D~~day of acceptance by the Clearing House of the exercise notice.

**407A03. [RESERVED]**

(End Chapter 407A)

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

**CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 408

### CME European CAT Index Futures

#### 40800. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on~~ CME European CAT Index ~~esfutures~~. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~ 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~~ ~~COMMODITY~~ SPECIFICATIONS<sup>4</sup>

##### 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, as reported by MDA Information Systems, Inc.

- Amsterdam-Schiphol, Netherlands (WMO 06240): Between 0000 and 2359 UTC the current day for Tmax, and between 0000 and 2359 UTC the current day for Tmin
- Barcelona Prat De Llobregat Aeropuerto, Spain (WMO 08181): Between 0000 and 2359 UTC the current day for Tmax, and between 0000 and 2359 UTC the current day for Tmin
- Berlin-Tempelhof, Germany (WMO 10384): Between 2351 UTC the previous day and 2350 UTC the current day for Tmax, and between 2351 UTC the previous day and 2350 UTC the current day for Tmin
- Essen, Germany (WMO 10410): Between 2351 UTC the previous day and 2350 UTC the current day for Tmax, and between 2351 UTC the previous day and 2350 UTC the current day for Tmin
- London-Heathrow, United Kingdom (WMO 03772): Between 0900 UTC the current day and 0859 UTC the following day for Tmax, and between 0900 UTC the previous day and 0859 UTC the current day for Tmin
- Madrid Barajas Aeropuerto, Spain (WMO 08221): Between 0000 and 2359 UTC the current day for Tmax, and between 0000 and 2359 UTC the current day for Tmin
- Oslo-Blindern, Norway (WMO 01492): Between 1800 UTC the previous day and 1759 UTC the current day for Tmax, and between 1800 UTC the previous day and 1759 UTC the current day for Tmin
- Paris-Orly, France (WMO 07149): Between 0600 UTC the current day and 0559 UTC the following day for Tmax, and between 1800 UTC the previous day and 1759 UTC the current day for Tmin
- Rome Ciampino, Italy, (WMO 16239): Between 0000 and 2359 UTC the current day for Tmax, and between 0000 and 2359 UTC the current day for Tmin
- Stockholm-Observatoriet, Sweden (WMO 02485): Between 1800 UTC the previous day and 1759 UTC the current day for Tmax, and between 1800 UTC the previous day and 1759 UTC the current day for Tmin
- Prague, Ruzyne Czech Republic (WMO 11518): Between 2100 UTC the previous day and 2059 UTC the current day for Tmax, and between 2100 UTC the previous day and 2059 UTC the current day for Tmin

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<sup>4</sup> ~~Revised May 2008.~~

## 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 FUTURES CALL**

#### **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 Board of Directors.

#### **40802.B. ~~Size of 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 <sup>2</sup>**

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.

~~A person shall not own or control more than 10,000 contracts not long or not short in all contract months combined. For position involving options on the respective CME European CAT Index futures, this rule is superseded by the option speculative position limit rule.~~

#### **40802.E. [Reserved] 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.~~

#### **40802.F. [Reserved] Exemptions**

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

#### **40802.G. Termination of Trading <sup>3</sup>**

##### **FOR CONTRACTS THROUGH OCTOBER 2011:**

~~Futures trading shall terminate at 9:00 A.M. Chicago time on the first Exchange business day that is at least five calendar days after the futures contract month.~~

##### **FOR CONTRACTS BEGINNING APRIL 2012:**

Futures trading shall terminate at 9:00 a.m.m. ~~Chicago time~~ on the fifth Exchange Bbusiness Dday after the futures contract month.

#### **40802.H. [Reserved] Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CME European CAT Index futures issues an order, ruling,~~

<sup>2</sup> ~~Revised March 2004.~~

<sup>3</sup> ~~Revised October 2007; August 2011.~~



~~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 governmental orders.~~

40802.I. [Reserved]

#### 40803. SETTLEMENT PROCEDURES

40803.A. Final Settlement Price<sup>4</sup>

~~**FOR CONTRACTS THROUGH OCTOBER 2011:**~~

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME European CAT Index reported by MDA Information Systems, Inc. for that city for that contract month, using the methodology in effect on that date, on the first Exchange business day that is at least five calendar days after the futures contract month. For example, on July 7, 2003, the June 2003 futures contract on the CME Amsterdam-Schiphol European CAT Index would have been settled at 507.65 Degrees.~~

~~**FOR CONTRACTS BEGINNING APRIL 2012:**~~

All futures contracts remaining open at the termination of trading shall be settled using the respective CME European CAT Index reported by MDA Information Systems, Inc. for that city for that contract month, using the methodology in effect on that date, on the fifth Exchange ~~B~~usiness ~~D~~ay 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

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

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<sup>4</sup> ~~Revised October 2007; August 2011.~~



## Chapter 408A

### Options on CME European CAT Index Futures

#### 408A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME European CAT Index futures ~~contracts~~. ~~The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, options on 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.~~

#### 408A01. OPTIONS CHARACTERISTICS

##### 408A01. A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the Exchange Board of Directors.

##### 408A01. 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 respective CME European CAT Index futures contract as specified in Chapter 408.

##### 408A01.C. Minimum Fluctuations <sup>1</sup>

The price of an option shall be quoted in terms of the respective CME European CAT Index. Each index point represents 20 British pounds (pounds sterling) for London-Heathrow, or 20 Euros (€) for all other locations. For example, a quote of 2 index points represents 40 British pounds (pounds sterling) for London-Heathrow, or 40 Euros (€) for all other locations. The minimum fluctuation shall be 1.0 index point (also known as one tick), equal to 20 British pounds (pounds sterling) for London-Heathrow, or 20 Euros (€) for all other locations.

##### 408A01.D. [Reserved]

##### 408A01.E. Exercise Prices <sup>2</sup>

Exercise prices shall be stated in terms of the respective CME European CAT Index futures contract. Eligible exercise prices shall also be at intervals of 1 index point (e.g., 710, 711, 712, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 0 to 1300 index points for CAT months upon demand evidenced in the options pit. New options may be listed for trading up to and including the termination of trading.

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

##### 408A01.F. 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.

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in all contract months combined.~~

<sup>1</sup> Revised March 2004.

<sup>2</sup> Revised April 2004; July 2004.

~~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.~~

**408A01.G. ~~[Reserved]~~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.~~

**408A01.H. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

**408A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**408A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

**408A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME European CAT options.

**408A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer only on the termination of ~~T~~trading ~~D~~day. To exercise an option the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of exercise.

An option that is in the money and has not been liquidated prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of expiration by the clearing member representing the option buyer, be exercised automatically.

**408A02.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 ~~B~~business ~~D~~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 ~~T~~trading ~~D~~day of acceptance by the Clearing House of the exercise notice.

**408A03. [RESERVED]**

(End Chapter 408A)

**INTERPRETATIONS & SPECIAL NOTICES**

**RELATING TO CHAPTER 408A****CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 409

### CME European Seasonal CAT Strip Index Futures

#### 40900. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on~~ CME European Seasonal Strip CAT Indexes ~~futures~~. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. 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~~COMMODITY SPECIFICATIONS<sup>+</sup>

##### 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, as reported by MDA Information Systems, Inc.

- Amsterdam-Schiphol, Netherlands (WMO 06240): Between 0000 and 2359 UTC the current day for Tmax, and between 0000 and 2359 UTC the current day for Tmin
- Barcelona Prat De Llobregat Aeropuerto, Spain (WMO 08181): Between 0000 and 2359 UTC the current day for Tmax, and between 0000 and 2359 UTC the current day for Tmin
- Berlin-Tempelhof, Germany (WMO 10384): Between 2351 UTC the previous day and 2350 UTC the current day for Tmax, and between 2351 UTC the previous day and 2350 UTC the current day for Tmin
- Essen, Germany (WMO 10410): Between 2351 UTC the previous day and 2350 UTC the current day for Tmax, and between 2351 UTC the previous day and 2350 UTC the current day for Tmin
- London-Heathrow, United Kingdom (WMO 03772): Between 0900 UTC the current day and 0859 UTC the following day for Tmax, and between 0900 UTC the previous day and 0859 UTC the current day for Tmin
- Madrid Barajas Aeropuerto, Spain (WMO 08221): Between 0000 and 2359 UTC the current day for Tmax, and between 0000 and 2359 UTC the current day for Tmin
- Oslo-Blindern, Norway (WMO 01492): Between 1800 UTC the previous day and 1759 UTC the current day for Tmax, and between 1800 UTC the previous day and 1759 UTC the current day for Tmin
- Paris-Orly, France (WMO 07149): Between 0600 UTC the current day and 0559 UTC the following day for Tmax, and between 1800 UTC the previous day and 1759 UTC the current day for Tmin
- Rome Ciampino, Italy (WMO 16239): Between 0000 and 2359 UTC the current day for Tmax, and between 0000 and 2359 UTC the current day for Tmin
- Stockholm-Observatoriet, Sweden (WMO 02485): Between 1800 UTC the previous day and 1759 UTC the current day for Tmax, and between 1800 UTC the previous day and 1759 UTC the current day for Tmin
- Prague, Ruzyne Czech Republic (WMO 11518): Between 2100 UTC the previous day and 2059 UTC the current day for Tmax, and between 2100 UTC the previous day and 2059 UTC the current day for Tmin

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

Each particular CME European Seasonal Strip CAT index is the accumulation of like daily average temperatures over a minimum of two, and a maximum of seven, consecutive calendar months. For a seasonal strip involving a CAT, the first calendar month in the strip may be April or later, and the last calendar month in the strip may be October or earlier. A separate futures contract shall be listed for each strip. The accumulation period of each CME European Seasonal Strip CAT Index

<sup>+</sup>Revised May 2008.

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 FUTURES CALL**

##### 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 Board of Directors.

##### 40902.B. ~~Size of 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.

~~A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For position involving options on the respective CME European Seasonal Strip CAT Index futures, this rule is superseded by the option speculative position limit rule.~~

##### 40902.E. [Reserved] 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.~~

##### 40902.F. [Reserved] Exemptions

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

##### 40902.G. Termination of Trading<sup>†</sup>

###### FOR CONTRACTS THROUGH OCTOBER 2011:

~~Futures trading shall terminate at 9:00 A.M. Chicago time on the first Exchange business day that is at least five calendar days after the last calendar day of the last month of the defined strip.~~

###### FOR CONTRACTS BEGINNING APRIL 2012:

~~Futures trading shall terminate at 9:00 a.m.M. Chicago time on the fifth Exchange Bbusiness Dday after the last calendar day of the last month of the defined strip.~~

##### 40902.H. [Reserved] Contract Modification

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CME European Seasonal Strip CAT Index futures 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 governmental orders.~~

##### 40902.I. [Reserved]

<sup>†</sup> Revised October 2007; August 2011.

**40903. SETTLEMENT PROCEDURES****40903.A. Final Settlement Price<sup>†</sup>****~~FOR CONTRACTS THROUGH OCTOBER 2011:~~**

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME European Seasonal Strip CAT Index reported by MDA Information Systems, Inc. for that city for that contract period, using the methodology in effect on that date, on the first Exchange business day that is at least five calendar days 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.~~

**~~FOR CONTRACTS BEGINNING APRIL 2012:~~**

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME European Seasonal Strip CAT Index reported by MDA Information Systems, Inc. for that city for that contract period, using the methodology in effect on that date, on the fifth Exchange ~~B~~business ~~D~~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**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

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<sup>†</sup> ~~Revised October 2007; August 2011.~~

## Chapter 409A

### Options on CME European Seasonal Strip CAT Index Futures

#### 409A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME European Seasonal Strip CAT Index futures ~~contracts~~. In addition to this chapter, options on CME European Seasonal Strip 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. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

#### 409A01. OPTIONS CHARACTERISTICS

##### 409A01. A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the Exchange Board of Directors.

##### 409A01. 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 respective CME European Seasonal Strip CAT Index futures contract as specified in Chapter 409.

##### 409A01. C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CME European Seasonal Strip CAT Index. Each index point represents 20 British pounds (pounds sterling) for London-Heathrow, or 20 Euros (€) for all other locations. For example, a quote of 2 index points represents 40 British pounds (pounds sterling) for London-Heathrow, or 40 Euros (€) for all other locations. The minimum fluctuation shall be 1.0 index point (also known as one tick), equal to 20 British pounds (pounds sterling) for London-Heathrow, or 20 Euros (€) for all other locations.

##### 409A01. D. [Reserved]

##### 409A01. E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME European Seasonal Strip CAT Index futures contract. Eligible exercise prices shall be at intervals of 1 CME Seasonal Degree Days Index point (e.g., 4510, 4511, 4512, etc.).

At the commencement of options trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 0 to 6500 index points for a seasonal Strip CAT upon demand evidenced in the options pit. New options may be listed for trading up to and including the termination of trading.

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

##### 409A01. F. 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.

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures-equivalent contracts net on the same side of the market in all contract months combined.~~

~~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.~~

**409A01.G. ~~[Reserved]~~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.~~

**409A01.H. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

**409A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**409A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

**409A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME European Seasonal Strip CAT options.

**409A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer only on the termination of ~~T~~trading ~~D~~day. To exercise an option the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of exercise.

An option that is in the money and has not been liquidated prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of expiration by the clearing member representing the option buyer, be exercised automatically.

**409A02.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 ~~B~~business ~~D~~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 ~~T~~trading ~~D~~day of acceptance by the Clearing House of the exercise notice.

**409A03. [RESERVED]**

(End Chapter 409A)

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



**CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 411 CME Pacific Rim Index Futures

### 41100. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on individual~~ CME Pacific Rim Index ~~futureses~~. In addition to this chapter, CME Pacific Rim 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. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

### 41101. ~~CONTRACT~~COMMODITY SPECIFICATIONS<sup>1</sup>

#### 1. Daily Average Temperature

The daily average temperature is defined as the arithmetic average of the hourly temperatures accumulated over a twenty-four (24) hour period as reported by MDA Information Systems, Inc. using data received from the Japan Meteorological Agency for each of the following meteorological stations:

- Osaka, Japan (WMO 47772): Between 0100 and 2400 JST the current day.
- Tokyo, Japan (WMO 47662): Between 0100 and 2400 JST the current day.
- Hiroshima, Japan (WMO 47765): Between 0100 and 2400 JST the current day.

#### 2. The Pacific Rim Indexes

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

### 41102. ~~TRADING SPECIFICATIONS~~FUTURES CALL

#### 41102.A. Trading Schedule

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

#### 41102.B. ~~Size of~~ Trading Unit

The size of the unit of trading shall be ¥2,500 (Japanese Yen) times the respective CME Pacific Rim Index.

#### 41102.C. Price Increments

The minimum price fluctuation of each respective CME Pacific Rim Index futures contract shall be .01 index point and have a value of ¥25 (Japanese Yen).

#### 41102.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.

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<sup>1</sup> ~~Revised March 2008; August 2011.~~

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

~~A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For positions involving options on the respective CME Pacific Rim Index futures, this rule is superseded by the option speculative position limit rule.~~

**41102.E. ~~[Reserved]~~ 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.~~

**41102.F. ~~[Reserved]~~ Exemptions**

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

**41102.G. Termination of Trading**

**~~FOR CONTRACTS THROUGH APRIL 2012:~~**

~~Futures trading shall terminate at 9:00 a.m. Chicago time on the first Exchange business day that is at least two calendar days after the futures contract month.~~

**~~FOR CONTRACTS BEGINNING APRIL 2012:~~**

~~Futures trading shall terminate at 9:00 a.m. Chicago time on the second Exchange Bbusiness Dday after the futures contract month.~~

**41102.H. ~~[Reserved]~~ Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of each CME Pacific Rim Index futures 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 governmental orders.~~

**41102.I. ~~[Reserved]~~**

**41103. SETTLEMENT PROCEDURES**

**41103.A. Final Settlement Price<sup>+</sup>**

**~~FOR CONTRACTS THROUGH APRIL 2012:~~**

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Pacific Rim Index reported by the MDA Information Systems, Inc. for that contract month, using the methodology in effect on that date, on the first Exchange business day that is at least two calendar days after the futures contract month. For example, on June 4, 2007, the May 2007 futures contract on the Osaka Index would have been settled at 467.20 degrees.~~

**~~FOR CONTRACTS BEGINNING APRIL 2012:~~**

All futures contracts remaining open at the termination of trading shall be settled using the respective CME Pacific Rim Index reported by the MDA Information Systems, Inc. for that contract month, using the methodology in effect on that date, on the second Exchange Bbusiness Dday after the futures contract month. For example, on June 4, 2007, the May 2007 futures contract on the Osaka Index would have been settled at 467.20 degrees.

<sup>+</sup> Revised March 2008; August 2011.

**41103.B. Final Settlement**

Clearing members holding open positions in a CME Pacific Rim 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.

**41104. [RESERVED]**

**41105.-06. [RESERVED]**

(End Chapter 411)

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 411**

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 411A

### Options on CME Pacific Rim Index Futures

#### 411A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME Pacific Rim Index ~~es~~ futures ~~contracts~~. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, options on CME Pacific Rim 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.~~

#### 411A01. OPTIONS CHARACTERISTICS

##### 411A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange~~ Board of Directors.

##### 411A01.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 respective CME Pacific Rim Index futures contract as specified in Chapter 411.

##### 411A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CME Pacific Rim Index. Each index point represents ¥25 Japanese Yen. For example, a quote of 2 index points represents ¥50 Japanese Yen. The minimum fluctuation shall be .01 index point (also known as one tick), equal to ¥25 Japanese Yen.

##### 411A01.D. [Reserved]

##### 411A01.E. Exercise Prices<sup>4</sup>

Exercise prices shall be stated in terms of the respective CME Pacific Rim Index futures contract. Eligible exercise prices are at intervals of .01 CME Pacific Rim Index point (e.g. 15.01, 15.02, 15.03, etc.).

At the commencement of option trading in a contract month, the Exchange shall list put and call options at intervals of .01 index point in a range of 0 to 10,000 index points upon demand evidenced in the options pit.

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

##### 411A01.F. 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.~~

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in all contract months combined.~~

~~For the purposes 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.~~

<sup>4</sup> Revised March 2008, May 2008.

**411A01.G. ~~[Reserved]~~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.~~

**411A01.H. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

**411A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**411A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

**411A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CME Pacific Rim Indexes options.

**411A02.A. Exercise of Option by Buyer**

An option with European-style exercise may be exercised by the buyer only on the day that the option expires. To exercise an option the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of exercise.

An option that is in the money and has not been liquidated prior to its expiration date shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of termination of trading by the clearing member representing the option buyer, be exercised automatically.

**411A02.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 ~~B~~usiness ~~D~~ay.

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 ~~T~~trading ~~D~~ay following acceptance by the Clearing House of the exercise notice.

**411A03. [RESERVED]**

(End Chapter 411A)

## INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 411A

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

#### **CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

## Chapter 412

### CME Pacific Rim Seasonal Index Futures

#### 41200. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on~~ CME Pacific Rim Seasonal Index ~~futureses~~. In addition to this chapter, CME Pacific Rim Seasonal 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. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

#### 41201. ~~CONTRACT~~COMMODITY SPECIFICATIONS<sup>+</sup>

##### 1. Daily Average Temperature

The daily average temperature is defined as the arithmetic average of the hourly temperatures accumulated over a twenty-four (24) hour period as reported by MDA Information Systems, Inc. using data received from the Japan Meteorological Agency for each of the following meteorological stations:

- Osaka, Japan (WMO 47772): Between 0100 and 2400 JST the current day.
- Tokyo, Japan (WMO 47662): Between 0100 and 2400 JST the current day.
- Hiroshima, Japan (WMO 47765): Between 0100 and 2400 JST the current day.

##### 2. The Pacific Rim Seasonal Indexes

Each particular CME Pacific Rim Seasonal index is the accumulation of like daily average temperatures over a minimum of two, and a maximum of seven, consecutive calendar months. A separate futures contract shall be listed for each strip. The accumulation period of each CME Pacific Rim strip 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 defined strip.

#### 41202. ~~TRADING SPECIFICATIONS~~FUTURES CALL

##### 41202.A. Trading Schedule

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

##### 41202.B. ~~Size of~~ Trading Unit

The size of the unit of trading shall be ¥2,500 (Japanese Yen) times the respective CME Pacific Rim Seasonal Index.

##### 41202.C. Price Increments

The minimum price fluctuation on the CME Pacific Rim Seasonal Index futures contract shall be .01 index point and have a value of ¥25 (Japanese Yen).

##### 41202.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.

~~A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For positions involving options on the respective CME Pacific Rim Seasonal Index futures, this rule is superseded by the option speculative position limit rule.~~

##### 41202.E. ~~[Reserved]~~Accumulation of Positions

<sup>+</sup> Revised March 2008, May 2008; August 2014.



~~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.~~

~~41202.F. **[Reserved] Exemptions**~~

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

~~41202.G. **Termination of Trading**<sup>†</sup>~~

~~**FOR CONTRACTS THROUGH APRIL 2012:**~~

~~Futures trading shall terminate at 9:00 A.M. Chicago time on the first Exchange business day that is at least two calendar days after the last calendar day of the last month of the defined strip.~~

~~**FOR CONTRACTS BEGINNING APRIL 2012:**~~

~~Futures trading shall terminate at 9:00 a.m. Chicago time on the second Exchange ~~B~~business ~~D~~day after the last calendar day of the last month of the defined strip.~~

~~41202.H. **[Reserved] Contract Modifications**~~

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of each CME Pacific Rim Seasonal Index futures 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 governmental orders.~~

~~41202.I. **[Reserved]**~~

**41203. SETTLEMENT PROCEDURES**

**41203.A. Final Settlement Price**<sup>‡</sup>

~~**FOR CONTRACTS THROUGH APRIL 2012:**~~

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Pacific Rim Seasonal Index reported by MDA Information Systems, Inc. for that contract period, using the methodology in effect on that date, on the first Exchange business day that is at least two calendar days after the last calendar day of the last month of the defined strip. For example, on October 2, 2007, the July 2007 - September 2007 Osaka Seasonal Index would have been settled at 2571.7 degrees.~~

~~**FOR CONTRACTS BEGINNING APRIL 2012:**~~

All futures contracts remaining open at the termination of trading shall be settled using the respective CME Pacific Rim Seasonal Index reported by MDA Information Systems, Inc. for that contract period, using the methodology in effect on that date, on the second Exchange ~~B~~business ~~D~~day after the last calendar day of the last month of the defined strip. For example, on October 2, 2007, the July 2007 - September 2007 Osaka Seasonal Index would have been settled at 2571.7 degrees.

**41203.B. Final Settlement**

Clearing members holding open positions in a CME Pacific Rim Seasonal 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.

**41204. [RESERVED]**

**41205-06 [RESERVED]**

(End Chapter 412)

<sup>†</sup>Revised March 2008; August 2011.

<sup>‡</sup>Revised August 2004; March 2008; August 2011.

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 412****LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. (“MDA”, formerly “EarthSat”) 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 412A

### Options on CME Pacific Rim Seasonal Index Futures

#### 412A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME Pacific Rim Seasonal Indexes futures ~~contracts~~. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, options on CME Pacific Rim Seasonal 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.~~

#### 412A01. OPTIONS CHARACTERISTICS

##### 412A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange Board of Directors~~.

##### 412A01.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 respective CME Pacific Rim Seasonal Index futures contract as specified in Chapter 412.

##### 412A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CME Pacific Rim Seasonal Index. Each Seasonal Index point represents ¥25 (Japanese Yen). For example, a quote of 2 index points represents ¥50 (Japanese Yen). The minimum fluctuation shall be .01 index point (also known as one tick), equal to ¥25 (Japanese Yen).

##### 412A01.D. [Reserved]

##### 412A01.E. Exercise Prices<sup>4</sup>

Exercise prices shall be stated in terms of the respective CME Pacific Rim Seasonal Index futures contract. In addition, exercise prices shall also be at intervals of .01 index points (e.g., 25.10, 25.11, 25.12, etc.).

At the commencement of option trading in a contract month, the Exchange shall list put and call options at intervals of .01 index points in a range of 0 to 10,000 index points upon demand evidenced in the options pit. New options may be listed for trading up to and including the termination of trading.

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

##### 412A01.F. 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.~~

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in all contract months combined.~~

~~For the purposes 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~~

<sup>4</sup> Revised March 2008, May 2008.

~~market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.~~

**412A01.G. ~~[Reserved]~~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.~~

**412A01.H. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

**412A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**412A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

**412A02. EXERCISE<sup>†</sup> AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CME Pacific Rim Index options.

**412A02.A. Exercise of Option by Buyer**

Options will be European-style exercise.

An option with European-style exercise may be exercised by the buyer only on the day that the option expires. To exercise an option the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of exercise.

An option that is in the money and has not been liquidated prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of termination of trading by the clearing member representing the option buyer, be exercised automatically.

**412A02.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 ~~B~~business ~~D~~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 ~~T~~trading ~~D~~day following acceptance by the Clearing House of the exercise notice.

**412A03. [RESERVED]**

(End Chapter 412A)

**INTERPRETATIONS & SPECIAL NOTICES**

<sup>†</sup>Revised March 2008.

**RELATING TO CHAPTER 412A****LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

**CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

## Chapter 416 CME Frost Index Futures<sup>4</sup>

### 41600. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on~~ CME Frost Indexes<sup>2</sup> futures. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, CME Frost 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.~~

### 41601. ~~CONTRACT~~COMMODITY SPECIFICATIONS<sup>3</sup>

#### 1. Frost Index Point

A “Frost Index Point” shall be recorded whenever one or more of the following conditions are met for a particular location:

- The temperature at 0700 local time (0600 UTC, except 0500 UTC beginning the last Sunday in March) is less than or equal to -3.5 degrees Celsius;
- The temperature at 1000 local time (0900 UTC, except 0800 UTC beginning the last Sunday in March) is less than or equal to -1.5 degrees Celsius;
- The temperature at 0700 local time (0600 UTC, except 0500 UTC beginning the last Sunday in March) is less than or equal to -0.5 degrees Celsius, and the temperature at 1000 local time (0900 UTC, except 0800 UTC beginning the last Sunday in March) is less than or equal to -0.5 degrees Celsius.

#### 2. The CME Frost Indexes and Listing Cities

Each particular CME Frost index is the accumulation of like Frost Index Points during a month within the period beginning the first Monday in November and ending the last Friday in March, excluding Saturdays, Sundays, December 25, December 26, and January 1. Each particular Index shall be computed by MDA Information Systems, Inc. using final temperature observations reported by the respective national meteorological office.

Listing Cities and Corresponding Weather Stations

- Amsterdam-Schiphol, Netherlands (WMO 06240)

### 41602. ~~TRADING SPECIFICATIONS~~FUTURES CALL

#### 41602.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~~Board of Directors.

#### 41602.B. ~~Size of~~ Trading Unit<sup>4</sup>

The size of the unit of trading shall be 10,000 Euros (€) times the respective CME Frost Index.

#### 41602.C. Price Increments<sup>5</sup>

The minimum price fluctuation on the respective CME Frost Index futures shall be .01 index points and have a value of 100 Euros (€).

<sup>1</sup> Revised June 2008.

<sup>2</sup> Revised June 2008.

<sup>3</sup> Revised June 2008.

<sup>4</sup> Revised June 2008.

<sup>5</sup> Revised June 2008.

**41602.D. Position Limits<sup>1</sup>, 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.~~

~~A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For position involving options on the respective CME Frost Index futures, this rule is superseded by the option speculative position limit rule.~~

**41602.E. ~~[Reserved]~~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.~~

**41602.F. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

**41602.G. Termination of Trading****~~FOR CONTRACTS THROUGH MARCH 2012:~~**

~~For the November, December, January and February contract months, futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least six calendar days after the respective futures contract month. For the March contract month only, futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least six calendar days after the last Friday in March.~~

**~~FOR CONTRACTS BEGINNING NOVEMBER 2012:~~**

~~For the November, December, January and February contract months, futures trading shall terminate at 9:00 aA.mM. on the fifth Exchange Bbbusiness Ddday after the respective futures contract month. For the March contract month only, futures trading shall terminate at 9:00 aA.mM. on the fifth Exchange Bbbusiness Ddday after the last Friday in March.~~

**41602.H. ~~[Reserved]~~Contract Modification<sup>2</sup>**

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CME Frost Index futures 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 governmental orders.~~

**41602.I. ~~[Reserved]~~****41603. SETTLEMENT PROCEDURES****41603.A. Final Settlement Price<sup>3</sup>****~~FOR CONTRACTS THROUGH MARCH 2012:~~**

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Frost Index reported by MDA Information Systems, Inc. for that city for that contract period, using the methodology in effect on that date. For the November, December, January and February contract months, final settlement shall occur on the first Exchange business~~

<sup>1</sup> Revised June 2008.

<sup>2</sup> Revised June 2008; August 2011.

<sup>3</sup> Revised June 2008; August 2011.

~~day that is at least six calendar days after the respective futures contract month. For the March contract month only, final settlement shall occur on the first Exchange business day that is at least six calendar days after the last Friday in March. For example, on March 7, 2005, the February 2005 futures contract on the CME Amsterdam-Schiphol Frost Index would have been settled at 2.00 Frost Index Points.~~

**FOR CONTRACTS BEGINNING NOVEMBER 2012:**

All futures contracts remaining open at the termination of trading shall be settled using the respective CME Frost Index reported by MDA Information Systems, Inc. for that city for that contract period, using the methodology in effect on that date. For the November, December, January and February contract months, final settlement shall occur on the fifth Exchange ~~B~~business ~~D~~day after the respective futures contract month. For the March contract month only, final settlement shall occur on the fifth Exchange ~~B~~business ~~D~~day after the last Friday in March. For example, on March 7, 2005, the February 2005 futures contract on the CME Amsterdam-Schiphol Frost Index would have been settled at 2.00 Frost Index Points.

**41603.B. Final Settlement<sup>†</sup>**

Clearing members holding open positions in a CME Frost 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.

**41604. [RESERVED]**

**41605.-06. [RESERVED]**

(End Chapter 416)

## **INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 416**

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

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

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<sup>†</sup>Revised June 2008.



## Chapter 416A

### Options on CME Frost Index Futures<sup>1</sup>

#### 416A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~\_trading in put and call~~ options on CME Frost Index futures ~~contracts~~<sup>2</sup>. In addition to this chapter, options on CME Frost 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. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

#### 416A01. OPTIONS CHARACTERISTICS

##### 416A01. A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange Board of Directors~~.

##### 416A01. B. Trading Unit<sup>3</sup>

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 respective CME Frost Index futures contract as specified in Chapter 416.

##### 416A01.C. Minimum Fluctuations<sup>4</sup>

The price of an option shall be quoted in terms of the respective CME Frost Index. Each index point represents 10,000 Euros (€). For example, a quote of 2.00 index points represents 20,000 Euros (€). The minimum fluctuation shall be .01 index point (also known as one tick), equal to 100 Euros (€).

##### 416A01.D. [Reserved]

##### 416A01.E. Exercise Prices<sup>5</sup>

Exercise prices shall be stated in terms of the respective CME Frost Index futures contract. Eligible exercise prices shall also be at intervals of .01 index point (e.g., 10.01, 10.02, 10.03, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of .01 index point in a range of .01 to 20.00 index points upon demand evidenced in the options pit. New options may be listed for trading up to and including the termination of trading.

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

##### 416A01.F. 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.

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in all contract months combined.~~

~~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~~

<sup>1</sup> Revised June 2008.

<sup>2</sup> Revised June 2008.

<sup>3</sup> Revised June 2008.

<sup>4</sup> Revised June 2008.

<sup>5</sup> Revised June 2008.

~~market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.~~

**416A01.G. ~~[Reserved]~~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.~~

**416A01.H. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

**416A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**416A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

**416A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME Frost Index options.

**416A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer only on the termination of Ttrading Dday. To exercise an option the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of exercise.

An option that is in the money and has not been liquidated prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of expiration by the clearing member representing the option buyer, be exercised automatically.

**416A02.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 Bbusiness Dday.

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 Ttrading Dday of acceptance by the Clearing House of the exercise notice.

**416A03. [RESERVED]**

(End Chapter 416A)

## INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 416A

### CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

### LIMITATION OF LIABILITY AND DISCLAIMER

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 417

### CME Seasonal Frost Index Futures<sup>1</sup>

#### 41700. SCOPE OF CHAPTER<sup>2</sup>

This chapter is limited in application to ~~futures trading on~~ CME Seasonal Frost Index ~~es futures~~. In addition to this chapter, CME Seasonal Frost 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. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

#### 41701. ~~CONTRACT~~ ~~COMMODITY~~ SPECIFICATIONS<sup>3</sup>

##### 1. Frost Index Point

A “Frost Index Point” shall be recorded whenever one or more of the following conditions are met for a particular location:

- The temperature at 0700 local time (0600 UTC, except 0500 UTC beginning the last Sunday in March) is less than or equal to -3.5 degrees Celsius;
- The temperature at 1000 local time (0900 UTC, except 0800 UTC beginning the last Sunday in March) is less than or equal to -1.5 degrees Celsius;
- The temperature at 0700 local time (0600 UTC, except 0500 UTC beginning the last Sunday in March) is less than or equal to -0.5 degrees Celsius, and the temperature at 1000 local time (0900 UTC, except 0800 UTC beginning the last Sunday in March) is less than or equal to -0.5 degrees Celsius.

##### 2. The CME Seasonal Frost Indexes and Listing Cities

Each particular CME Seasonal Frost Index is the accumulation of like Frost Index Points over the 5-month period beginning the first Monday in November and ending the last Friday in March, excluding Saturdays, Sundays, December 25, December 26, and January 1. Each particular Index shall be computed by MDA Information Systems, Inc. using final temperature observations reported by the respective national meteorological office.

The temperature for a particular location is reported from a specific weather station. The table below lists the cities and their corresponding weather stations:

Listing Cities and Corresponding Weather Stations

- Amsterdam-Schiphol, Netherlands (WMO 06240)

#### 41702. ~~TRADING SPECIFICATIONS~~ ~~FUTURES CALL~~

##### 41702.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 Board of Directors~~.

##### 41702.B. ~~Size of~~ Trading Unit<sup>4</sup>

The size of the unit of trading shall be 10,000 Euros (€) times the respective CME Seasonal Frost Index.

##### 41702.C. Price Increments<sup>5</sup>

The minimum price fluctuation on the respective CME Seasonal Frost Index futures shall be .01 index point and have a value of 100 Euros (€).

##### 41702.D. Position Limits<sup>6</sup>, ~~Exemptions, Position Accountability and Reportable Levels~~

<sup>1</sup> Revised June 2008.

<sup>2</sup> Revised June 2008.

<sup>3</sup> Revised June 2008.

<sup>4</sup> Revised June 2008.

<sup>5</sup> Revised June 2008.

<sup>6</sup> Revised June 2008; August 2011.

~~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.~~

~~A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For position involving options on the respective CME Seasonal Frost Index futures, this rule is superseded by the option speculative position limit rule.~~

**41702.E. ~~[Reserved]~~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.~~

**41702.F. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

**41702.G. Termination of Trading**

**~~FOR CONTRACTS THROUGH MARCH 2012:~~**

~~Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least six calendar days after the last Friday in March.~~

**~~FOR CONTRACTS BEGINNING NOVEMBER 2012:~~**

~~Futures trading shall terminate at 9:00 a.m.M. on the fifth Exchange ~~B~~business ~~D~~day after the last Friday in March.~~

**41702.H. ~~[Reserved]~~Contract Modification<sup>4</sup>**

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CME Seasonal Frost Index futures 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 governmental orders.~~

**41702.I [Reserved]**

**41703. SETTLEMENT PROCEDURES**

**41703.A. Final Settlement Price<sup>a</sup>**

**~~FOR CONTRACTS THROUGH MARCH 2012:~~**

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Seasonal Frost Index reported by MDA Information Systems, Inc. for that city for that contract period, using the methodology in effect on that date, on the first Exchange business day that is at least six calendar days after the last Friday in March. For example, on March 31, 2005, the March 2005 futures contract on the CME Amsterdam-Schiphol Seasonal Frost Index would have been settled at 10.00 Frost Index Points.~~

**~~FOR CONTRACTS BEGINNING NOVEMBER 2012:~~**

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Seasonal Frost Index reported by MDA Information Systems, Inc. for that city for that contract period, using the methodology in effect on that date, on the fifth Exchange ~~B~~business~~

<sup>4</sup>Revised June 2008.

<sup>a</sup>Revised June 2008; August 2011.

~~De~~lay after the last Friday in March. For example, on April 1, 2005, the March 2005 futures contract on the CME Amsterdam-Schiphol Seasonal Frost Index would have been settled at 10.00 Frost Index Points.

**41703.B. Final Settlement<sup>†</sup>**

Clearing members holding open positions in a CME Seasonal Frost 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.

**41704. [RESERVED]**

**41705. - 06. [RESERVED]**

(End Chapter 417)

## **INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 417**

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

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

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<sup>†</sup>~~Revised June 2008.~~

## Chapter 417A

### Options on CME Seasonal Frost Index Futures<sup>4</sup>

#### 417A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME Seasonal Frost ~~Days~~ Index futures ~~contracts~~. ~~In addition to this chapter, options on CME Seasonal Frost 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. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

#### 417A01. OPTIONS CHARACTERISTICS

##### 417A01. A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange Board of Directors~~.

##### 417A01. B. Trading Unit<sup>2</sup>

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 respective CME Seasonal Frost Index futures contract as specified in Chapter 417.

##### 417A01.C. Minimum Fluctuations<sup>3</sup>

The price of an option shall be quoted in terms of the respective CME Seasonal Frost Index. Each index point represents 10,000 Euros (€). For example, a quote of 2.00 index points represents 20,000 Euros (€). The minimum fluctuation shall be .01 index point (also known as one tick), equal to 100 Euros (€).

##### 417A01.D. [Reserved]

##### 417A01.E. Exercise Prices<sup>4</sup>

Exercise prices shall be stated in terms of the respective CME Seasonal Frost Index futures contract. Eligible exercise prices shall also be at intervals of .01 index point (e.g., 10.01, 10.02, 10.03, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of .01 index point in a range of .01 to 50.00 index points upon demand evidenced in the options pit. New options may be listed for trading up to and including the termination of trading.

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

##### 417A01.F. 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.

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts not on the same side of the market in all contract months combined.~~

~~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~~

<sup>1</sup> Revised June 2008.

<sup>2</sup> Revised June 2008.

<sup>3</sup> Revised June 2008.

<sup>4</sup> Revised June 2008.

~~market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.~~

**417A01.G. ~~[Reserved]~~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.~~

**417A01.H. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

**417A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**417A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

**417A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME Seasonal Frost Index options<sup>†</sup>.

**417A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer only on the termination of Ttrading Dday. To exercise an option the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of exercise.

An option that is in the money and has not been liquidated prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of expiration by the clearing member representing the option buyer, be exercised automatically.

**417A02.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 Dday.

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 Ttrading Dday of acceptance by the Clearing House of the exercise notice.

**417A03. [RESERVED]**

(End Chapter 417A)

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<sup>†</sup>Revised June 2008.



## INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 417A

### CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

### LIMITATION OF LIABILITY AND DISCLAIMER

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 418 CME Snowfall Index Futures

### 41800. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading on~~ CME Snowfall Index ~~f~~Futures. In addition to this chapter, CME Snowfall 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. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

### 41801. ~~CONTRACT~~COMMODITY SPECIFICATIONS

Daily snowfall is defined as the total snowfall recorded at a particular location between midnight and 11:59 ~~p~~P.~~m~~M. as reported by MDA Information Systems, Inc.

Monthly snowfall is defined as the sum of daily snowfall values for a particular location for a calendar month. The accumulation period for each contract begins with the first calendar day of the contract month and ends with the last calendar day of the contract month.

The table below lists the cities and their corresponding weather stations:

#### **Listing Cities and Corresponding Weather Stations**

New York Central Park (WBAN 94728)  
 Boston Logan International Airport (WBAN 14739)  
 New York LaGuardia Airport (WBAN 14732)  
 Chicago O'Hare International Airport (WBAN 94846)  
 Minneapolis/St. Paul Airport (WBAN 14922)  
 Detroit Metro Airport (WBAN 94847)  
 Newark International Airport (WBAN 14734)  
 Baltimore-Washington International Airport (WBAN 93721)  
 Columbus Port-Columbus International Airport (WBAN 14821)  
 Colorado Springs Municipal Airport (WBAN 93037)

### 41802. ~~TRADING SPECIFICATIONS~~FUTURES CALL

#### 41802.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~~Board of Directors.

#### 41802.B. ~~Size of~~Trading Unit

The size of the unit of trading shall be \$500 times the respective CME Snowfall Index.

#### 41802.C. Price Increments

The minimum price fluctuation on the respective CME Snowfall Index futures shall be 0.1 (one-tenth) index point and have a value of \$50. Each index point is equal to 1 inch of snowfall.

#### 41802.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.

A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For positions involving options on the respective CME Snowfall Index futures, this rule is superseded by the option speculative position limit rule.

**41802.E. ~~[Reserved] 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.~~

**41802.F. ~~[Reserved] Exemptions~~**

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

**41802.G. Termination of Trading****~~FOR CONTRACTS THROUGH APRIL 2012:~~**

~~Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least two calendar days after the futures contract month.~~

**~~FOR CONTRACTS BEGINNING NOVEMBER 2012:~~**

Futures trading shall terminate at 9:00 ~~a~~A.m.M. ~~Chicago time~~ on the second Exchange ~~B~~business ~~D~~day after the futures contract month.

**41802.H. ~~[Reserved] Contract Modification~~**

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CME Snowfall Index futures 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 governmental orders.~~

**41802.I [Reserved]****41803. SETTLEMENT PROCEDURES****41803.A. Final Settlement Price**

All futures contracts remaining open at the termination of trading shall be settled using the respective CME Snowfall Index reported by MDA Information Systems, Inc. for that city for that contract month, using the methodology in effect on that date, on the second Exchange ~~B~~business ~~D~~day after the futures contract month. For example, on January 4, 2006, the December 2005 futures contract on the Boston CME Snowfall Index would have been settled at 10.70.

**41803.B. Final Settlement**

Clearing members holding open positions in a CME Snowfall 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.

**41804. [RESERVED]****41805.-06. [RESERVED]**

(End Chapter 418)

## INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 418

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 418A

### Options on CME Snowfall Index Futures

#### 418A00. SCOPE OF CHAPTER

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

#### 418A01. OPTIONS CHARACTERISTICS

##### 418A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange Board of Directors~~.

##### 418A01.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 respective CME Snowfall Index futures contract as specified in Chapter 418.

##### 418A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CME Snowfall Index. Each index point represents \$500. For example, a quote of 2 index points represents \$1,000. The minimum fluctuation shall be 0.1 (one-tenth) index point (also known as one tick), equal to \$50.

##### 418A01.D. [Reserved]

##### 418A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Snowfall Index futures contract. Eligible exercise prices shall also be at intervals of 0.1 (one-tenth) index point (e.g., 1.0, 1.1, 1.2, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of 0.1 (one-tenth) index point in a range of 0 to 50 index points. New options may be listed for trading up to and including the termination of trading.

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

##### 418A01.F. 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.

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in all contract months combined.~~

~~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.~~

##### 418A01.G. [Reserved] 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.~~

**418A01.H. [Reserved]Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

**418A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**418A01.J. [Reserved]Contract Modifications**

~~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.~~

**418A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME Snowfall Index options.

**418A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer only on the termination of Ttrading Dday. 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.

An option that is in the money and has not been liquidated 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.

**418A02.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 Bbusiness Dday.

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 Ttrading Dday of acceptance by the Clearing House of the exercise notice.

**418A03. [RESERVED]**

(End Chapter 418A)

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 418A**

**CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

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

MDA Information Systems, Inc. (“MDA”, formerly “EarthSat”) 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 418B CME Snowfall Index Binary Contract

### 418B00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading of~~ binary contracts on the CME Snowfall Index. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, binary contracts on the CME Snowfall Index 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.~~

### 418B01. ~~CONTRACT~~COMMODITY SPECIFICATIONS

CME Snowfall Index values will be calculated by MDA Information Systems, Inc., using the locations and method described in Chapter 418.

### 418B02. ~~CONTRACT-CALL~~ OPTIONS CHARACTERISTICS

#### 418B02.A. Trading Schedule

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

#### 418B02.B. Trading Unit

The unit of trading shall be \$10,000.

#### 418B02.C. Minimum Fluctuations

The price of a binary contract shall be quoted in terms of the respective CME Snowfall index. Each index point represents \$100. For example, a quote of 18.1 index points represents a price of \$1,810. The minimum fluctuation shall be 0.1 index point (also known as one tick), equal to \$10.

#### 418B02.D. [Reserved]

#### 418B02.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Snowfall Index. Eligible exercise prices shall be at intervals of 0.1 index point (e.g., 1.0, 1.1, 1.2, etc.).

At the commencement of trading in a contract, binary contracts shall be listed at intervals of 0.1 index point in a range of 0 to 50 index points. New binary contracts may be listed for trading up to and including the termination of trading.

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

#### 418B02.F. ~~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.~~

~~A person owning or controlling more than 10,000 binary contracts in any individual contract 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.~~

#### 418B02.G. [Reserved]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.~~

**418B02.H. [Reserved]**

**418B02.I. Termination of Trading**

~~**FOR CONTRACTS THROUGH APRIL 2012:**~~

~~Trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least two calendar days after the futures contract month.~~

~~**FOR CONTRACTS BEGINNING NOVEMBER 2012:**~~

Trading shall terminate at 9:00 a.m. on the second Exchange Business Day after the futures contract month.

**418B02.J. [Reserved] Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract except that all contracts 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 contracts shall be subject to such governmental orders.~~

**418B02.K. [Reserved]**

## **418B03. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CME Snowfall Index binary contracts.

**418B03.A. Exercise of Binary Contract by Buyer**

A binary contract may be exercised by the buyer on any Business Day that the contract is traded. Exercise of a binary contract is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

A binary contract that is in the money (i.e., the respective Snowfall Index is equal to or greater than the exercise price) and has not been liquidated 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 buyer, be exercised automatically.

**418B03.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 Snowfall Index 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 Snowfall Index is equal to or greater than the exercise price, and shall be obligated to pay zero dollars (\$0) otherwise.

For example, on March 2, 2009, the Boston Logan February bBinary contract would have been settled at 6.2 index points. Therefore, buyers of such binary contracts with exercise prices equal to or less than 6.2 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 6.3 or greater would have received nothing.

**418B03.C. Final Settlement**

All binary contracts remaining open at the termination of trading shall be settled using the respective Snowfall Index final value reported by MDA Information Systems, Inc. using the methodology in effect on that date.

Clearing members holding open positions in a Snowfall Index binary contract that is in the money 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. All such positions shall be settled at a price of 100 index points, equal to \$10,000, 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.

**418B04. [RESERVED]**

**418B05.-06. [RESERVED]**

(End Chapter 418B)

**INTERPRETATIONS AND SPECIAL NOTICES  
RELATING TO CHAPTER 418B**

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. (“MDA”, formerly “EarthSat”) 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 421

### CME Canadian Degree Days Index Futures

#### 42100. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on~~ CME Canadian Degree Days Indexes ~~es~~ ~~futures~~: the CME Canadian Heating-Degree-Days (CME-HDD) Index and the CME Canadian Cooling-Degree-Days (CME-CDD) Index. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, CME Canadian Degree Days 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.

#### 42101. ~~CONTRACT~~COMMODITY SPECIFICATIONS

##### 1. Heating Degree Days and Cooling Degree Days

The daily average temperature is defined as the arithmetic average of the maximum temperature (Tmax) and minimum temperature (Tmin), recorded between 0600 UTC the previous day and 0559 UTC the current day for Tmax, and between 0600 UTC the previous day and 0559 UTC the current day for Tmin as reported by MDA Information Systems, Inc.

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

For each day, Cooling-Degree-Days (CDD) is the greater of (1) zero, (2) the daily average temperature minus 18 degrees Celsius ("C").

##### 2. The CME Canadian Degree Days Indexes and Listing Cities

Each particular CME Canadian Degree Days Index is the accumulation of like Degree Days over a calendar month. The accumulation period of each CME-HDD or CME-CDD Index ~~f~~Futures contract begins with the first calendar day of the contract month and ends with the last calendar day of the contract month.

The temperature for a particular city is reported from a specific automated weather station. The table below lists the cities and their corresponding weather stations:

##### Listing Cities and Corresponding Automated Weather Stations

Calgary International Airport (WMO 71877)

Edmonton International Airport (WMO 71123)

Montreal/Pierre Elliot Trudeau Airport (WMO 71627)

Toronto Pearson International Airport (WMO 71624)

Vancouver International Airport (WMO 71892)

Winnipeg International Airport (WMO 71852)

#### 42102. ~~TRADING SPECIFICATIONS~~FUTURES CALL

##### 42102.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~~Board of Directors.

##### 42102.B. ~~Size of~~ Trading Unit

The size of the unit of trading shall be C\$20 (Canadian Dollars) times the respective CME Canadian Degree Days Index.

##### 42102.C. Price Increments

The minimum price fluctuation on the respective CME Canadian Degree Days Index futures shall be 1 index point and have a value of C\$20 (Canadian Dollars).

##### 42102.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.~~

~~A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For position involving options on the respective CME Canadian Degree Days Index futures, this rule is superseded by the option speculative position limit rule.~~

~~**42102.E. [Reserved] 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.~~

~~**42102.F. [Reserved] Exemptions**~~

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

~~**42102.G. Termination of Trading**~~

~~**FOR CDD CONTRACTS THROUGH OCTOBER 2011 AND FOR HDD CONTRACTS THROUGH APRIL 2012:**~~

~~Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days after the futures contract month.~~

~~**FOR CDD CONTRACTS BEGINNING APRIL 2012 AND FOR HDD CONTRACTS BEGINNING OCTOBER 2012:**~~

~~Futures trading shall terminate at 9:00 a.m. on the fifth Exchange Bbusiness Dday after the futures contract month.~~

~~**42102.H. [Reserved] Contract Modification**~~

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CME Canadian Degree Days Index futures 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 governmental orders.~~

~~**42102.I. [Reserved]**~~

**42103. SETTLEMENT PROCEDURES**

**42103.A. Final Settlement Price**

~~**FOR CDD CONTRACTS THROUGH OCTOBER 2011 AND FOR HDD CONTRACTS THROUGH APRIL 2012:**~~

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Canadian Degree Days Index reported by MDA Information Systems, Inc. for that city for that contract month, using the methodology in effect on that date, on the first Exchange business day that is at least five calendar days after the futures contract month. For example, on January 5, 2005, the December 2004 futures contract on the CME Montreal HDD Index would have been settled at 737.90 Heating Degree Days.~~

~~**FOR CDD CONTRACTS BEGINNING APRIL 2012 AND FOR HDD CONTRACTS BEGINNING OCTOBER 2012:**~~

All futures contracts remaining open at the termination of trading shall be settled using the respective CME Canadian Degree Days Index reported by MDA Information Systems, Inc. for that city for that contract month, using the methodology in effect on that date, on the fifth Exchange ~~B~~usiness ~~D~~elay after the futures contract month. For example, on January 7, 2005, the December 2004 futures contract on the CME Montreal HDD Index would have been settled at 737.90 Heating Degree Days.

**42103.B. Final Settlement**

Clearing members holding open positions in a CME Canadian Degree Days 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.

**42104. [RESERVED]**

**42105.-06. [RESERVED]**

(End Chapter 421)

**INTERPRETATIONS AND SPECIAL NOTICES  
RELATING TO CHAPTER 421**

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 421A

### Options on CME Canadian Degree Days Index Futures

#### 421A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME Canadian Degree Days Index futures ~~contracts~~. ~~The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~ In addition to this chapter, options on CME Canadian Degree Days 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 indicated Chicago time.

#### 421A01. OPTIONS CHARACTERISTICS

##### 421A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange Board of Directors~~.

##### 421A01.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 respective CME Canadian Degree Days Index futures contract as specified in Chapter 421.

##### 421A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CME Canadian Degree Days Index. Each index point represents C\$20 (Canadian Dollars). For example, a quote of 2 index points represents C\$40 (Canadian Dollars). The minimum fluctuation shall be 1.0 HDD or 1.0 CDD (also known as one tick), equal to C\$20 (Canadian Dollars).

##### 421A01.D. [Reserved]

##### 421A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Canadian Degree Days Index futures contract. Eligible exercise prices shall also be at intervals of 1 index point (e.g., 710, 711, 712, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 0 to 1500 index points for CDD months and a range of 0 to 3200 index points for HDD months upon demand evidenced in the options pit. New options may be listed for trading up to and including the termination of trading.

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

##### 421A01.F. 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.

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in all contract months combined.~~

~~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.~~

**421A01.G. ~~[Reserved]~~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.~~

**421A01.H. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

**421A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**421A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

**421A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME Canadian Degree Days Index options.

**421A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer only on the termination of Ttrading Deday. 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.

An option that is in the money and has not been liquidated 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.

**421A02.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 Deday.

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 Ttrading Deday of acceptance by the Clearing House of the exercise notice.

**421A03. [RESERVED]**

(End Chapter 421A)

**INTERPRETATIONS AND SPECIAL NOTICES  
RELATING TO CHAPTER 421A**

**CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.



## Chapter 422

### CME Canadian Seasonal Strip Degree Days Index Futures

#### 42200. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on~~ CME Canadian Seasonal Strip Degree Days Indexes ~~es futures~~: the CME Canadian Seasonal Strip Heating-Degree-Days (CME SSHDD) Index and the CME Canadian Seasonal Strip Cooling-Degree-Days (CME SSCDD) Index. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, CME Canadian Seasonal Strip Degree Days 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.

#### 42201. ~~CONTRACT~~COMMODITY SPECIFICATIONS

##### 1. Heating Degree Days and Cooling Degree Days

The daily average temperature is defined as the arithmetic average of the maximum temperature (Tmax) and minimum temperature (Tmin), recorded between 0600 UTC the previous day and 0559 UTC the current day for Tmax, and between 0600 UTC the previous day and 0559 UTC the current day for Tmin as reported by MDA Information Systems, Inc.

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

For each day, Cooling-Degree-Days (CDD) is the greater of (1) zero, (2) the daily average temperature minus 18 degrees Celsius ("C").

##### 2. The CME Canadian Seasonal Strip Degree Days Indexes and Listing Cities

Each particular CME Canadian Seasonal Strip Degree Days Index is the accumulation of like Degree Days over a minimum of two, and a maximum of seven, consecutive calendar months. For a seasonal strip involving Cooling Degree Days, the first calendar month in the strip may be April or later, and the last calendar month in the strip may be October or earlier. For a seasonal strip involving Heating Degree Days, the first calendar month in the strip may be October or later, and the last calendar month in the strip may be April or earlier. A separate futures contract shall be listed for each strip. The accumulation period of each CME SSHDD or CME SSCDD 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 defined strip.

The temperature for a particular city is reported from a specific automated weather station. The table below lists the cities and their corresponding weather stations:

##### Listing Cities and Corresponding Automated Weather Stations

Calgary International Airport (WMO 71877)  
 Edmonton International Airport (WMO 71123)  
 Montreal/Pierre Elliot Trudeau Airport (WMO 71627)  
 Toronto Pearson International Airport (WMO 71624)  
 Vancouver International Airport (WMO 71892)  
 Winnipeg International Airport (WMO 71852)

#### 42202. ~~TRADING SPECIFICATIONS~~FUTURES CALL

##### 42202.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~~Board of Directors.

##### 42202.B. ~~Size of~~Trading Unit

The size of the unit of trading shall be C\$20 (Canadian Dollars) times the respective CME Canadian Seasonal Strip Degree Days Index.

##### 42202.C. Price Increments

The minimum price fluctuation on the CME Canadian Seasonal Strip Degree Days Index

futures shall be 1 index point and have a value of C\$20 (Canadian Dollars).

**42202.D. Position Limits, Position Accountability, Exemptions 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.

A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For position involving options on the respective CME Canadian Seasonal Strip Degree Days Index futures, this rule is superseded by the option speculative position limit rule.

**42202.E. [Reserved]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.

**42202.F. [Reserved]Exemptions**

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.

**42202.G. Termination of Trading**

**FOR CDD CONTRACTS THROUGH OCTOBER 2011 AND FOR HDD CONTRACTS THROUGH APRIL 2012:**

Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days after the last calendar day of the last month of the defined strip.

**FOR CDD CONTRACTS BEGINNING APRIL 2012 AND FOR HDD CONTRACTS BEGINNING OCTOBER 2012:**

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.

**42202.H. [Reserved]Contract Modification**

Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CME Seasonal Strip Degree Days Index futures 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 governmental orders.

**42202. I. [Reserved]**

**42203. SETTLEMENT PROCEDURES**

**42203.A. Final Settlement Price**

**FOR CDD CONTRACTS THROUGH OCTOBER 2011 AND FOR HDD CONTRACTS THROUGH APRIL 2012:**

All futures contracts remaining open at the termination of trading shall be settled using the respective CME Seasonal Strip Degree Days Index reported by MDA Information Systems, Inc. for that city for that contract period, using the methodology in effect on that date, on the first Exchange business day that is at least five calendar days after the last calendar day of the last month of the defined strip. For example, on April 5, 2006, the November 2005—March

~~2006 futures contract on the CME Montreal Nov-Mar '06 SSHDD Index would have been settled at 3161.70 Heating Degree Days.~~

~~**FOR CDD CONTRACTS BEGINNING APRIL 2012 AND FOR HDD CONTRACTS BEGINNING OCTOBER 2012:**~~

All futures contracts remaining open at the termination of trading shall be settled using the respective CME Seasonal Strip Degree Days Index reported by MDA Information Systems, Inc. for that city for that contract period, using the methodology in effect on that date, on the fifth Exchange ~~B~~business ~~D~~day after the last calendar day of the last month of the defined strip. For example, on April 7, 2006, the November 2005 – March 2006 futures contract on the CME Montreal Nov-Mar '06 SSHDD Index would have been settled at 3161.70 Heating Degree Days.

**42203.B. Final Settlement**

Clearing members holding open positions in a CME Canadian Seasonal Strip Degree Days 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.

**42204. [RESERVED]**

**42205.-06 RESERVED**

(End Chapter 422)

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 422**

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. (“MDA”, formerly “EarthSat”) 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 422A

### Options on CME Canadian Seasonal Strip Degree Day Index Futures

#### 422A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME Canadian Seasonal Strip Degree Days Index futures ~~contracts.~~ ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, options on CME Canadian Seasonal Strip Degree Days 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.~~

#### 422A01. OPTIONS CHARACTERISTICS

##### 422A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange Board of Directors.~~

##### 422A01.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 respective CME Canadian Seasonal Strip Degree Days Index futures contract as specified in Chapter 422.

##### 422A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CME Canadian Seasonal Strip Degree Days Index. Each index point represents C\$20 (Canadian Dollars). For example, a quote of 2 index points represents C\$40 (Canadian Dollars). The minimum fluctuation shall be 1.0 HDD or 1.0 CDD (also known as one tick), equal to C\$20 (Canadian Dollars).

##### 422A01.D. [Reserved]

##### 422A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Seasonal Strip Degree Days Index futures contract. Eligible exercise prices shall be at intervals of 1 CME Seasonal Strip Degree Days Index point (e.g., 4510, 4511, 4512, etc.).

At the commencement of options trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 0 to 7500 index points for the CDD season and a range of 0 to 16,000 index points for the HDD season upon demand evidenced in the options pit. New options may be listed for trading up to and including the termination of trading.

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

##### 422A01.F. 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.~~

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in all contract months combined.~~

~~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.~~

**422A01.G. ~~[Reserved]~~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.~~

**422A01.H. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559.A. and shall not apply to other option positions exempted pursuant to Rule 559.~~

**422A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**422A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

**422A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME Canadian Seasonal Degree Days Index options.

**422A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer only on the termination of **T**trading **D**day. 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.

An option that is in the money and has not been liquidated 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.

**422A02.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 **B**business **D**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 **T**trading **D**day of acceptance by the Clearing House of the exercise notice.

**422A03. [RESERVED]**

(End Chapter 422A)

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 422A**

**CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 423 CME Hurricane Index Futures

### 42300. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on the~~ CME Hurricane Index™ (“CHI”™) ~~futures. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~ In addition to this chapter, CHI 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.

### 42301. ~~CONTRACT~~COMMODITY SPECIFICATIONS

CHI values will be calculated by MDA Information Systems, Inc., using the methods described in the CME Hurricane Index: “Scope and Definitions” document, for hurricanes making landfall in the following locations:

- Eastern US (Brownsville, TX to Eastport, ME)

Separate futures contracts will be listed for trading on named hurricanes that make landfall in a specific location (e.g., Eastern US between January 1 and December 31 inclusive of a calendar year. At the beginning of each season storm names are used from a list, starting with A and ending with Z, maintained by the World Meteorological Organization. In the event that more than 21 named storms occur in a season, additional storms will take names from the Greek alphabet: Alpha, Beta, Gamma, Delta, and so on.

### 42302. ~~TRADING SPECIFICATIONS~~FUTURES CALL

#### 42302.A. Trading Schedule

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

#### 42302.B. ~~Size of~~Trading Unit

The size of the unit of trading shall be \$1,000 times the respective CHI.

#### 42302.C. Price Increments

The minimum price fluctuation on the respective CHI futures shall be 0.1 index point, and have a value of \$100.

#### 42302.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.

~~A person owning or controlling more than 10,000 contracts not long or not short in any contract month 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 the respective CME Hurricane Index futures, this rule is superseded by the option position accountability rule.~~

#### 42302.E. ~~[Reserved]~~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.~~

#### 42302.F. [Reserved]



**42302.G. Termination of Trading**

Futures trading shall terminate at 9:00 aA.mM. on the first Exchange Bbusiness Dday that is at least 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 Bbusiness Dday that is at least five calendar days following January 1, or later than the first Bbusiness Dday that is at least 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 aA.mM. on the first Exchange Bbusiness Dday that is at least five calendar days following December 31.

**42302.H. ~~[Reserved]Contract Modification~~**

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CHI futures 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 governmental orders.~~

**42302.I [Reserved]****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 MDA Information Systems, Inc. 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 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).

**42303.B. Final Settlement**

Clearing members holding open positions in a CHI 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.

**42304. [RESERVED]****42305.-06. [RESERVED]**

(End Chapter 423)

**INTERPRETATIONS AND SPECIAL NOTICES  
RELATING TO CHAPTER 423****LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. (“MDA”, formerly “Earth Sat”) 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. MDA 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 CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.



## Chapter 423A

### Options on CME Hurricane Index Futures

#### 423A00. SCOPE OF CHAPTER

This chapter is limited in application to trading in put and call options on CME Hurricane Index™ (“CHI”™) futures ~~contracts~~. ~~The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, options on CHI 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.~~

#### 423A01. OPTIONS CHARACTERISTICS

##### 423A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the Exchange Board of Directors.

##### 423A01.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 respective CHI futures contract as specified in Chapter 423.

##### 423A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CHI. Each index point represents \$1,000. For example, a quote of 2 index points represents \$2,000. The minimum fluctuation shall be 0.1 CHI (also known as one tick), equal to \$100.

##### 423A01.D. [Reserved]

##### 423A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CHI futures contract. Eligible exercise prices shall be at intervals of 1 index point (e.g., 10, 11, 12, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 0 to 30 index points. New options may be listed for trading up to and including the termination of trading.

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

##### 423A01.F. 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.

~~A person owning or controlling a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in any individual contract 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.~~

##### 423A01.G. [Reserved] 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.~~

~~423A01.H. [Reserved]~~**ESERVED]**

**423A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

~~423A01.J. [Reserved]~~**Contract Modifications**

~~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.~~

## **423A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CHI options.

**423A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer on any **B**usiness **D**elay the option is traded. Exercise of an option is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated 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.

**423A02.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 **B**usiness **D**elay.

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 **T**rading **D**elay of acceptance by the Clearing House of the exercise notice.

**423A03. [RESERVED]**

(End Chapter 423A)

## **INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 423A**

### **CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

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

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") 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. MDA 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 CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 423B CME Hurricane Index Binary Contract

### 423B00. SCOPE OF CHAPTER<sup>1</sup>

This chapter is limited in application to ~~trading of~~ binary contracts on the CME Hurricane Index™ ("CHI"™). ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, binary contracts on the CHI 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.~~

### 423B01. ~~CONTRACT~~COMMODITY SPECIFICATIONS

CHI values will be calculated by MDA Information Systems, Inc., using the methods described in the "CME Hurricane Index: Scope and Definitions" document, for hurricanes making landfall in the locations specified in Chapter 423.

Separate binary contracts will be listed for trading on named hurricanes that make landfall in a specific location (e.g., Eastern US) between January 1 and December 31 inclusive of a calendar year. At the beginning of each season storm names are used from a list, starting with A and ending with Z, maintained by the World Meteorological Organization. In the event that more than 21 named storms occur in a season, additional storms will take names from the Greek alphabet: Alpha, Beta, Gamma, Delta, and so on.

### 423B02. ~~CONTRACT CALL~~ OPTIONS CHARACTERISTICS

#### 423B02.A. Trading Schedule

Binary contracts shall be scheduled for trading during such hours in such months as may be determined by the Exchange Board of Directors.

#### 423B02.B. Trading Unit

The unit of trading shall be \$10,000.

#### 423B02.C. Minimum Fluctuations

The price of a binary contract shall be quoted in points, in a range between 0 (zero) and 100. Each point represents \$100. For example, a quote of 12.24 points represents a price of \$1,224. The minimum fluctuation shall be 0.01 points (also known as one tick), equal to \$1.

#### 423B02.D. [Reserved]

#### 423B02.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CHI. Eligible exercise prices shall be at intervals of 1 CHI index point (e.g., 10, 11, 12, etc.).

At the commencement of trading in a contract, binary contracts shall be listed at intervals of 1 CHI index point in a range of 1 to 30 CHI index points. New binary contracts may be listed for trading up to and including the termination of trading.

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

#### 423B02.F. 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.

<sup>1</sup> Chapter adopted August 2008; Revised December 2008; April 2009.

~~A person owning or controlling more than 10,000 binary contracts in any individual contract 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.~~

**423B02.G. ~~[Reserved]~~ 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.~~

**423B02.H. ~~[Reserved]~~**

**423B02.I. Termination of Trading**

Trading shall terminate at 9:00 ~~aA.mM.~~ on the first Exchange ~~Bb~~business ~~Dd~~day that is at least 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 ~~Bb~~business ~~Dd~~day that is at least five calendar days following January 1, or later than the first ~~Bb~~business ~~Dd~~day that is at least 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 ~~aA.mM.~~ on the first Exchange ~~Bb~~business ~~Dd~~day that is at least five calendar days following December 31.

**423B02.J. ~~[Reserved]~~ Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract except that all contracts 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 contracts shall be subject to such governmental orders.~~

**423B02.K. ~~[Reserved]~~**

**423B03. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CHI binary contracts.

**423B03.A. Exercise of Binary Contract by Buyer**

A binary contract may be exercised by the buyer on any business day that the contract is traded. Exercise of a binary contract is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

A binary contract that is in the money (i.e., the respective CHI is equal to or greater than the exercise price) and has not been liquidated 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 buyer, be exercised automatically.

**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 ~~Bb~~business ~~Dd~~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 6, 2005, the Hurricane Katrina ~~bB~~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.

**423B03.C. Final Settlement**

All binary contracts remaining open at the termination of trading shall be settled using the respective CHI final value reported by MDA Information Systems, Inc., using the methodology in effect on that date.

Clearing members holding open positions in a CHI binary contract that is in the money 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. All such positions shall be settled at a price of 100 points, equal to \$10,000, and shall be marked to market in accordance with Rule 814 on the **T**trading **D**elay of acceptance by the Clearing House of the exercise notice.

**423B04. [RESERVED]**

**423B05.-06. [RESERVED]**

(End Chapter 423B)

### **INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 423B**

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

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") 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. MDA 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 CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 424

### CME Weekly Average Temperature Index Futures

#### 42400. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on~~ CME Weekly Average Temperature Index ~~es futures~~. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, CME Weekly Average Temperature 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.

#### 42401. ~~CONTRACT~~COMMODITY SPECIFICATIONS<sup>+</sup>

The daily average temperature is defined as the arithmetic average of the maximum temperature (Tmax) and minimum temperature (Tmin) recorded between midnight and 11:59 ~~p.p.m.~~ as reported by MDA Information Systems, Inc.

Each particular CME Weekly Average Temperature Index is the arithmetic average of daily average temperatures over a 5-weekday period. The accumulation period of each CME Weekly Average Temperature Index futures contract begins with Monday and ends with Friday of the same calendar week.

The temperature for a particular city is reported from a specific automated weather station. The table below lists the cities and their corresponding weather stations:

Listing Cities and Corresponding Automated Weather Stations

Atlanta Hartsfield International Airport (WBAN 13874)  
 Baltimore/Washington International Airport (WBAN 93721)  
 Boston Logan International Airport (WBAN 14739)  
 Chicago O'Hare International Airport (WBAN 94846)  
 Cincinnati Northern Kentucky (Covington) Airport (WBAN 93814)  
 Colorado-Springs Municipal Airport (WBAN 93097)  
 Dallas-Fort Worth International Airport (WBAN 03927)  
 Des Moines International Airport (WBAN 14933)  
 Detroit Metro Airport (WBAN 94847)  
 Houston Bush Intercontinental Airport (WBAN 12960)  
 Jacksonville International Airport (WBAN 13889)  
 Kansas City International Airport (WBAN 03947)  
 Las Vegas McCarran International Airport (WBAN 23169)  
 Little Rock Adams Field (WBAN 13963)  
 Los Angeles Downtown USC Campus (WBAN 93134)  
 Minneapolis-St. Paul International Airport (WBAN 14922)  
 New York La Guardia Airport (WBAN 14732)  
 Philadelphia International Airport (WBAN 13739)  
 Portland International Airport (WBAN 24229)  
 Raleigh/Durham International Airport (WBAN 13722)  
 Sacramento Executive Airport (WBAN 23232)  
 Salt Lake City International Airport (WBAN 24127)  
 Tucson International Airport (WBAN 23160)  
 Washington/Reagan National Airport (WBAN 13743)

#### 42402. ~~TRADING SPECIFICATIONS~~FUTURES CALL

##### 42402.A. Trading Schedule

<sup>+</sup>Revised June 2008.

Futures contracts shall be scheduled for trading during such hours in such defined weeks as may be determined by the Exchange Board of Directors.

**42402.B. ~~Size of Trading Unit~~<sup>†</sup>**

~~The size of the unit of trading shall be \$100 times the respective CME Weekly Average Temperature Index.~~

**42402.C. ~~Price Increments~~<sup>‡</sup>**

~~The minimum price fluctuation on the respective CME Weekly Average Temperature Index futures shall be 0.1 (one-tenth) index points and have a value of \$10.~~

**42402.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.~~

~~A person shall not own or control more than 10,000 contracts net long or net short in all contracts combined. For positions involving options on the respective CME Weekly Average Temperature Index futures, this rule is superseded by the option speculative position limit rule.~~

**42402.E. ~~[Reserved] 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.~~

**42402.F. ~~[Reserved] Exemptions~~**

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

**42402.G. ~~Termination of Trading~~**

**~~FOR CONTRACTS THROUGH SEPTEMBER 2011:~~**

~~Futures trading shall terminate at 9:00 A.M. Chicago time on the first Exchange business day that is at least two calendar days after the Friday of the defined week.~~

**~~FOR CONTRACTS BEGINNING OCTOBER 2011:~~**

~~Futures trading shall terminate at 9:00 a.m. Chicago time on the second Exchange Business Day after the Friday of the defined week.~~

**42402.H. ~~[Reserved] Contract Modification~~**

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CME Weekly Average Temperature Index futures 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 governmental orders.~~

**42402. I. ~~[Reserved]~~**

**42403. SETTLEMENT PROCEDURES**

**42403.A. Final Settlement Price**

**FOR CONTRACTS THROUGH SEPTEMBER 2011:**

<sup>†</sup> Revised October 2008.

<sup>‡</sup> Revised October 2008.



~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Weekly Average Temperature Index reported by MDA Information Systems, Inc. for that city for that defined week, using the methodology in effect on that date, on the first Exchange business day that is at least two calendar days after the Friday of the defined week. For example, on August 14, 2006, the August 11, 2006 futures contract on the Chicago CME Weekly Average Temperature Index would have been settled at 75.6 Degrees.~~

**FOR CONTRACTS BEGINNING OCTOBER 2011:**

All futures contracts remaining open at the termination of trading shall be settled using the respective CME Weekly Average Temperature Index reported by MDA Information Systems, Inc. for that city for that defined week, using the methodology in effect on that date, on the second Exchange ~~B~~business ~~D~~days after the Friday of the defined week. For example, on August 15, 2006, the August 11, 2006 futures contract on the Chicago CME Weekly Average Temperature Index would have been settled at 75.6 Degrees.

**42403.B. Final Settlement**

Clearing members holding open positions in a CME Weekly Average Temperature 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.

**42404. [RESERVED]**

**42405.-06. [RESERVED]**

**INTERPRETATIONS AND SPECIAL NOTICES  
RELATING TO CHAPTER 424**

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 424A

### Options on CME Weekly Average Temperature Index Futures

#### 424A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME Weekly Average Temperature Index futures ~~contracts~~. ~~The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, options on CME Weekly Average Temperature 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.~~

#### 424A01. OPTIONS CHARACTERISTICS

##### 424A01.A. Contracts and Trading Hours

Options contracts shall be listed for such defined weeks and scheduled for trading during such hours as may be determined by the ~~Exchange Board of Directors~~.

##### 424A01.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 respective CME Weekly Average Temperature Index futures contract as specified in Chapter 424.

##### 424A01.C. Minimum Fluctuations<sup>4</sup>

The price of an option shall be quoted in terms of the respective CME Weekly Average Temperature Index. Each index point represents \$100. For example, a quote of 2 index points represents \$200. The minimum fluctuation shall be 0.1 (one-tenth) index point (also known as one tick), equal to \$10.

##### 424A01.D. [Reserved]

##### 424A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Weekly Average Temperature Index futures contract. Eligible exercise prices shall also be at intervals of 1 index point (e.g., 71, 72, 73, etc.).

At the commencement of option trading in a contract, the eligible put and call options are at intervals of 1 index point in a range of 20 index points above and below the final settlement value for the most recent expiration of the respective CME Weekly Average Temperature Index futures contract. New options may be listed for trading up to and including the termination of trading.

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

##### 424A01.F. 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.

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts not on the same side of the market in all contracts combined.~~

~~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~~

<sup>4</sup>Revised October 2008.

~~market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.~~

**424A01.G. ~~[Reserved]~~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.~~

**424A01.H. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

**424A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**424A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

**424A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME Weekly Average Temperature Index options.

**424A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer only on the termination of ~~T~~trading ~~D~~day. 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.

An option that is in the money and has not been liquidated 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.

**424A02.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 ~~B~~business ~~D~~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 ~~T~~trading ~~D~~day of acceptance by the Clearing House of the exercise notice.

**424A03. [RESERVED]**

(End Chapter 424A)

**INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 424A**

**CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

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

MDA Information Systems, Inc. (“MDA”, formerly “EarthSat”) 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 425 CME Canadian CAT Index Futures

### 42500. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on~~ CME Canadian CAT Indexes ~~futures~~. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, CME Canadian 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.~~

### 42501. ~~CONTRACT~~COMMODITY 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), recorded between 0600 UTC the previous day and 0559 UTC the current day for Tmax, and between 0600 UTC the previous day and 0559 UTC the current day for Tmin for each location, as reported by MDA information Systems, Inc.

Calgary International Airport (WMO 71877)

Edmonton International Airport (WMO 71123)

Montreal/Pierre Elliot Trudeau Airport (WMO 71627)

Toronto Pearson International Airport (WMO 71624)

Vancouver International Airport (WMO 71892)

Winnipeg International Airport (WMO 71852)

#### 2. The CME Canadian CAT Indexes

Each particular CME Canadian CAT Index is the accumulation of like daily average temperatures over a calendar month. The accumulation period of each CME Canadian 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.

### 42502. ~~TRADING SPECIFICATIONS~~FUTURES CALL

#### 42502.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~~Board of Directors.

#### 42502.B. ~~Size of~~Trading Unit

The size of the unit of trading shall be C\$20 (Canadian Dollars) times the respective CME Canadian CAT Index.

#### 42502.C. Price Increments

The minimum price fluctuation of the respective CME Canadian CAT Index futures shall be 1 index point and have a value of C\$20 (Canadian Dollars).

#### 42502.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.~~

~~A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For position involving options on the respective CME Canadian~~

~~CAT Index futures, this rule is superseded by the option speculative position limit rule.~~

~~42502.E. **[Reserved] 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.~~

~~42502.F. **[Reserved] Exemptions**~~

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

~~42502.G. **Termination of Trading**~~

~~**FOR CONTRACTS THROUGH OCTOBER 2011:**~~

~~Futures trading shall terminate at 9:00 A.M. Chicago time on the first Exchange business day that is at least five calendar days after the futures contract month.~~

~~**FOR CONTRACTS BEGINNING APRIL 2012:**~~

~~Futures trading shall terminate at 9:00 a.m.M. Chicago time on the fifth Exchange Bbusiness Dday after the futures contract month.~~

~~42502.H. **[Reserved] Contract Modification**~~

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CME Canadian CAT Index futures 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 governmental orders.~~

~~42502.I. **[Reserved]**~~

**42503. SETTLEMENT PROCEDURES**

**42503.A. Final Settlement Price**

~~**FOR CONTRACTS THROUGH OCTOBER 2011:**~~

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Canadian CAT Index reported by MDA Information Systems, Inc. for that city for that contract month, using the methodology in effect on that date, on the first Exchange business day that is at least five calendar days after the futures contract month. For example, on July 5, 2006, the June 2006 futures contract on the CME Montreal Canadian CAT Index would have been settled at 574.45 Degrees Celsius.~~

~~**FOR CONTRACTS BEGINNING APRIL 2012:**~~

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Canadian CAT Index reported by MDA Information Systems, Inc. for that city for that contract month, using the methodology in effect on that date, on the fifth Exchange Bbusiness Dday after the futures contract month. For example, on July 10, 2006, the June 2006 futures contract on the CME Montreal Canadian CAT Index would have been settled at 574.45 Degrees Celsius.~~

**42503.B. Final Settlement**

Clearing members holding open positions in a CME Canadian 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.

**42504. [RESERVED]**

**42505.-06. [RESERVED]**

(End Chapter 425)

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 425****LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 425A

### Options on CME Canadian CAT Index Futures

#### 425A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME Canadian CAT Index futures ~~contracts~~. ~~The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, options on CME Canadian 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.~~

#### 425A01. OPTIONS CHARACTERISTICS

##### 425A01. A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange Board of Directors~~.

##### 425A01. 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 respective CME Canadian CAT Index futures contract as specified in Chapter 425.

##### 425A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CME Canadian CAT Index. Each index point represents C\$20 (Canadian Dollars). For example, a quote of 2 index points represents C\$40 (Canadian Dollars). The minimum fluctuation shall be 1.0 index point (also known as one tick), equal to C\$20 (Canadian Dollars).

##### 425A01.D. [Reserved]

##### 425A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Canadian CAT Index futures contract. Eligible exercise prices shall also be at intervals of 1 index point (e.g., 710, 711, 712, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 0 to 1300 index points for CAT months upon demand evidenced in the options pit. New options may be listed for trading up to and including the termination of trading.

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

##### 425A01.F. 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.

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in all contract months combined.~~

~~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.~~

##### 425A01.G. [Reserved] 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.~~

~~425A01.H. **[Reserved]Exemptions**~~

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

~~425A01.I. **Termination of Trading**~~

~~Options trading shall terminate on the same date and time as the underlying futures contract.~~

~~425A01.J. **[Reserved]Contract Modifications**~~

~~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.~~

**425A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME Canadian CAT options.

**425A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer only on the termination of ~~T~~trading ~~D~~day. To exercise an option the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of exercise.

An option that is in the money and has not been liquidated prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of expiration by the clearing member representing the option buyer, be exercised automatically.

**425A02.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 ~~B~~business ~~D~~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 ~~T~~trading ~~D~~day of acceptance by the Clearing House of the exercise notice.

**425A03. [RESERVED]**

(End Chapter 425A)

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 425A**

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

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

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

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 426

### CME Canadian Seasonal CAT Strip Index Futures

#### 42600. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on~~ CME Canadian Seasonal CAT Strip Indexes futures. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, CME Canadian 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.

#### 42601. ~~CONTRACT~~COMMODITY 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), recorded between 0600 UTC the previous day and 0559 UTC the current day for Tmax, and between 0600 UTC the previous day and 0559 UTC the current day for Tmin for each location, as reported by MDA Information Systems, Inc.

Calgary International Airport (WMO 71877)

Edmonton International Airport (WMO 71123)

Montreal/Pierre Elliot Trudeau Airport (WMO 71627)

Toronto Pearson International Airport (WMO 71624)

Vancouver International Airport (WMO 71892)

Winnipeg International Airport (WMO 71852)

##### 2. The CME Canadian Seasonal CAT Strip Indexes

Each particular CME Canadian Seasonal CAT Strip index is the accumulation of like daily average temperatures over a minimum of two, and a maximum of seven, consecutive calendar months. For a seasonal strip involving a CAT, the first calendar month in the strip may be April or later, and the last calendar month in the strip may be October or earlier. A separate futures contract shall be listed for each strip. The accumulation period of each CME Canadian Seasonal CAT Strip 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.

#### 42602. ~~TRADING SPECIFICATIONS~~FUTURES CALL

##### 42602.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~~Board of Directors.

##### 42602.B. ~~Size of~~ Trading Unit

The size of the unit of trading shall be C\$20 (Canadian Dollars) times the respective CME Canadian Seasonal CAT Strip Index.

##### 42602.C. Price Increments

The minimum price fluctuation on the CME Canadian Seasonal CAT Strip Index futures shall be 1 index point and have a value of C\$20 (Canadian Dollars).

##### 42602.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.~~

~~A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For position involving options on the respective CME Canadian Seasonal CAT Strip Index futures, this rule is superseded by the option speculative position limit rule.~~

~~42602.E. **[Reserved] 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.~~

~~42602.F. **[Reserved] Exemptions**~~

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

~~42602.G. **Termination of Trading**~~

~~**FOR CONTRACTS THROUGH OCTOBER 2011:**~~

~~Futures trading shall terminate at 9:00 A.M. Chicago time on the first Exchange business day that is at least five calendar days after the last calendar day of the last month of the defined strip.~~

~~**FOR CONTRACTS BEGINNING APRIL 2012:**~~

~~Futures trading shall terminate at 9:00 a.m. Chicago time on the fifth Exchange business day after the last calendar day of the last month of the defined strip.~~

~~42602.H. **[Reserved] Contract Modification**~~

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CME Canadian Seasonal CAT Strip Index futures 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 governmental orders.~~

~~42602.I. **[Reserved]**~~

**42603. SETTLEMENT PROCEDURES**

**42603.A. Final Settlement Price**

~~**FOR CONTRACTS THROUGH OCTOBER 2011:**~~

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Canadian Seasonal CAT Strip Index reported by MDA Information Systems, Inc. for that city for that contract period, using the methodology in effect on that date, on the first Exchange business day that is at least five calendar days after the last calendar day of the last month of the defined strip. For example, on October 5, 2006, the May 2006 – September 2006 futures contract on the CME Montreal May – September '06 Canadian Seasonal CAT Strip Index would have been settled at 2771.70 Degrees Celsius.~~

~~**FOR CONTRACTS BEGINNING APRIL 2012:**~~

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Canadian Seasonal CAT Strip Index reported by MDA Information Systems, Inc. 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 6, 2006, the May 2006 – September 2006 futures contract on the CME Montreal May – September '06 Canadian Seasonal CAT Strip Index would have been settled at 2771.70 Degrees Celsius.~~

**42603.B. Final Settlement**

Clearing members holding open positions in a CME Canadian Seasonal CAT Strip 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.

**42604. [RESERVED]**

**42605.-06. [RESERVED]**

(End Chapter 426)

## **INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 426**

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

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 426A

### Options on CME Canadian Seasonal CAT Strip Index Futures

#### 426A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME Canadian Seasonal CAT Strip Index futures ~~contracts~~. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, options on CME Canadian 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.~~

#### 426A01. OPTIONS CHARACTERISTICS

##### 426A01. A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange~~Board of Directors.

##### 426A01. 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 respective CME Canadian Seasonal CAT Strip Index futures contract as specified in Chapter 426.

##### 426A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CME Canadian Seasonal CAT Strip Index. Each index point represents C\$20 (Canadian Dollars). For example, a quote of 2 index points represents C\$40 (Canadian Dollars). The minimum fluctuation shall be 1.0 index point (also known as one tick), equal to C\$20 (Canadian Dollars).

##### 426A01.D. [Reserved]

##### 426A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Canadian Seasonal CAT Strip Index futures contract. Eligible exercise prices shall be at intervals of 1 CME Seasonal CAT Strip Index point (e.g., 4510, 4511, 4512, etc.).

At the commencement of options trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 0 to 6500 index points for a seasonal CAT strip upon demand evidenced in the options pit. New options may be listed for trading up to and including the termination of trading.

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

##### 426A01.F. 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.~~

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in all contract months combined.~~

~~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.~~

**426A01.G. ~~[Reserved]~~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.~~

**426A01.H. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk-reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

**426A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**426A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

**426A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME Canadian Seasonal CAT Strip options.

**426A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer only on the termination of Ttrading Deday. To exercise an option the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of exercise.

An option that is in the money and has not been liquidated prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of expiration by the clearing member representing the option buyer, be exercised automatically.

**426A02.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 Deday.

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 Ttrading Deday of acceptance by the Clearing House of the exercise notice.

**426A03. [RESERVED]**

(End Chapter 426A)

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 426A**

**CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.



## Chapter 427

### CME Hurricane Index Seasonal Futures

#### 42700. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on the seasonal total of the~~ CME Hurricane Index™ (“CHI”™) Seasonal futures. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, CHI Seasonal 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.

#### 42701. ~~CONTRACT~~COMMODITY SPECIFICATIONS

CHI Seasonal values will be calculated by MDA Information Systems, Inc., using the methods described in the “CME Hurricane Index: Scope and Definitions” document, for hurricanes making landfall in the following locations:

- Gulf Coast (Brownsville, TX to AL/FL Border)
- Florida (AL/FL Border to Fernandina Beach, FL)
- Southern Atlantic Coast (Fernandina Beach, FL to NC/VA Border)
- Northern Atlantic Coast (NC/VA Border to Eastport, ME)
- Eastern US (Brownsville, TX to Eastport, ME)
- Gulf + Florida (Brownsville, TX to Fernandina Beach, FL)
- Florida Gold Coast (Card Sound Bridge, FL to Jupiter Inlet, FL)
- Florida + Southern Atlantic + Northern Atlantic (AL/FL Border to Eastport, ME)

Separate futures contracts will be listed for trading on the accumulated CHI final settlement values for all hurricanes that make landfall in a specific location (e.g., Gulf Coast) between January 1 and December 31 inclusive of a calendar year.

#### 42702. ~~TRADING SPECIFICATIONS~~FUTURES CALL

##### 42702.A. Trading Schedule

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

##### 42702.B. ~~Size of~~ Trading Unit

The size of the unit of trading shall be \$1,000 times the respective CHI ~~S~~seasonal total.

##### 42702.C. Price Increments

The minimum price fluctuation on the respective CHI ~~S~~seasonal futures shall be 0.1 index point, and have a value of \$100.

##### 42702.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.

~~A person owning or controlling more than 10,000 contracts not long or net short in any contract month 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 the respective CME Hurricane Index Seasonal futures, this rule is superseded by the option position accountability rule.~~

**42702.E. ~~[Reserved]~~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.~~

**42702.F. [Reserved]****42702.G. Termination of Trading**

Futures trading shall terminate at 9:00 ~~a~~**A**.~~m~~**M** on the first Exchange ~~B~~**b**usiness ~~D~~**e**lay that is at least five calendar days following December 31.

**42702.H. ~~[Reserved]~~Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CHI seasonal futures 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 governmental orders.~~

**42702.I. [Reserved]****42703. SETTLEMENT PROCEDURES****42703.A. Final Settlement Price**

All futures contracts remaining open at the termination of trading shall be settled using the respective CHI Seasonal final value reported by MDA Information Systems, Inc., using the methodology in effect on that date. For example, on January 5, 2006, the 2005 Gulf Coast Seasonal contract would have been settled at 28.9 CHI index points.

**42703.B. Final Settlement**

Clearing members holding open positions in a CHI ~~S~~**s**easonal 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.

**42704. [RESERVED]****42705.-06. [RESERVED]**

(End Chapter 427)

**INTERPRETATIONS AND SPECIAL NOTICES  
RELATING TO CHAPTER 427****LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") 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. MDA 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 CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 427A

### Options on CME Hurricane Index Seasonal Futures

#### 427A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME Hurricane Index™ (“CHI”™) Seasonal futures ~~contracts. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, options on CHI Seasonal 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.~~

#### 427A01. OPTIONS CHARACTERISTICS

##### 427A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange Board of Directors.~~

##### 427A01.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 respective CHI ~~S~~seasonal futures contract as specified in Chapter 427.

##### 427A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CHI. Each index point represents \$1,000. For example, a quote of 2 index points represents \$2,000. The minimum fluctuation shall be 0.1 CHI (also known as one tick), equal to \$100.

##### 427A01.D. [Reserved]

##### 427A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CHI ~~S~~seasonal futures contract. Eligible exercise prices shall be at intervals of 1 index point (e.g., 10, 11, 12, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 1 to 50 index points. New options may be listed for trading up to and including the termination of trading.

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

##### 427A01.F. ~~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.~~

~~A person owning or controlling a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in any individual contract 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.~~

##### 427A01.G. ~~[Reserved] 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.~~427A01.H. [Reserved]

#### 427A01.I. Termination of Trading

Options trading shall terminate on the same date and time as the underlying futures contract.

#### 427A01.J. ~~[Reserved]~~Contract Modifications

~~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.~~

### 427A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CHI ~~S~~seasonal options.

#### 427A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer on any ~~B~~business ~~D~~day the option is traded. Exercise of an option is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated 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.

#### 427A02.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 ~~T~~trading ~~D~~day of acceptance by the Clearing House of the exercise notice.

#### 427A03. [RESERVED]

(End Chapter 427A)

### INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 427A

#### CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. (“MDA”, formerly “Earth Sat”) 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. MDA 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 CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 427B

### CME Hurricane Index Seasonal Binary Contract

#### 427B00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading of~~ binary contracts on the seasonal total of the respective CME Hurricane Index™ (“CHI”™). ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, binary contracts on the CHI Seasonal 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.

#### 427B01. ~~CONTRACT~~COMMODITY SPECIFICATIONS

CHI Seasonal values will be calculated by MDA Information Systems, Inc., using the methods described in the “CME Hurricane Index: Scope and Definitions” document, for hurricanes making landfall in the locations specified in Chapter 427.

Separate binary contracts will be listed for trading on the accumulated CHI final settlement values for all hurricanes that make landfall (e.g., Gulf Coast) between January 1 and December 31 inclusive of a calendar year.

#### 427B02. ~~CONTRACT CALL~~ OPTIONS CHARACTERISTICS

##### 427B02.A. Trading Schedule

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

##### 427B02.B. Trading Unit

The unit of trading shall be \$10,000.

##### 427B02.C. Minimum Fluctuations

The price of a binary contract shall be quoted in points, in a range between 0 (zero) and 100. Each point represents \$100. For example, a quote of 12.24 points represents a price of \$1,224. The minimum fluctuation shall be 0.01 points (also known as one tick), equal to \$1.

##### 427B02.D. [Reserved]

##### 427B02.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CHI. Eligible exercise prices shall be at intervals of 1 CHI index point (e.g., 10, 11, 12, etc.).

At the commencement of trading in a contract, binary contracts shall be listed at intervals of 1 CHI index point in a range of 1 to 50 CHI index points. New binary contracts may be listed for trading up to and including the termination of trading.

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

##### 427B02.F. 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.

~~A person owning or controlling more than 10,000 binary contracts in any individual contract 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.~~

##### 427B02.G. ~~[Reserved]~~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.~~

**427B02.H. [Reserved]**

**427B02.I. Termination of Trading**

Trading shall terminate at 9:00 ~~a~~A.~~m~~M on the first Exchange ~~B~~business ~~D~~eday that is at least five calendar days following December 31.

**427B02.J. ~~[Reserved]~~Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract except that all contracts 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 contracts shall be subject to such governmental orders.~~

**427B02.K. [Reserved]**

### **427B03. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CHI binary contracts.

**427B03.A. Exercise of Binary Contract by Buyer**

A binary contract may be exercised by the buyer on any ~~B~~business ~~D~~eday that the contract is traded. Exercise of a binary contract is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

A binary contract that is in the money (i.e., the respective CHI is equal to or greater than the exercise price) and has not been liquidated 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 buyer, be exercised automatically.

**427B03.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 ~~B~~business ~~D~~eday.

The buyer of a binary contract shall receive \$10,000 if the seasonal total of 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 seasonal total of 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 January 5, 2006, the 2005 Gulf Coast Seasonal ~~b~~Binary contract would have been settled at 28.9 CHI index points. Therefore, buyers of such binary contracts with exercise prices equal to or less than 28 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 29 or greater would have received nothing.

**427B03.C. Final Settlement**

All binary contracts remaining open at the termination of trading shall be settled using the respective CHI seasonal final value reported by MDA Information Systems, Inc., using the methodology in effect on that date.

Clearing members holding open positions in a CHI ~~S~~seasonal binary contract that is in the money 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. All such positions shall be settled at a price of 100 points, equal to \$10,000, and shall be marked to market in accordance with Rule 814 on the ~~T~~trad~~i~~ing ~~D~~eday of acceptance by the

Clearing House of the exercise notice.

**427B04. [RESERVED]**

**427B05. - 06. [RESERVED]**

(End Chapter 427B)

**INTERPRETATIONS AND SPECIAL NOTICES  
RELATING TO CHAPTER 427B**

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. (“MDA”, formerly “Earth Sat”) 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. MDA 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 CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.



## Chapter 428

### CME Hurricane Index Seasonal Maximum Futures

#### 42800. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on the seasonal maximum value of the CME Hurricane Index™ (“CHI”™) Seasonal Maximum futures. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, CHI Seasonal Maximum 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.

#### 42801. ~~CONTRACT~~COMMODITY SPECIFICATIONS

CHI Seasonal Maximum values will be calculated by MDA Information Systems, Inc., using the methods described in the “CME Hurricane Index: Scope and Definitions” document, for hurricanes making landfall in the following locations:

- Gulf Coast (Brownsville, TX to AL/FL Border)
- Florida (AL/FL Border to Fernandina Beach, FL)
- Southern Atlantic Coast (Fernandina Beach, FL to NC/VA Border)
- Northern Atlantic Coast (NC/VA Border to Eastport, ME)
- Eastern US (Brownsville, TX to Eastport, ME)
- Gulf + Florida (Brownsville, TX to Fernandina Beach, FL)
- Florida Gold Coast (Card Sound Bridge, FL to Jupiter Inlet, FL)
- Florida + Southern Atlantic + Northern Atlantic (AL/FL Border to Eastport, ME)

Separate futures contracts will be listed for trading on the maximum CHI final settlement value for hurricanes that make landfall in a specific location (e.g., Gulf Coast) between January 1 and December 31 inclusive of a calendar year.

#### 42802. ~~TRADING SPECIFICATIONS~~FUTURES CALL

##### 42802.A. Trading Schedule

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

##### 42802.B. ~~Size of~~ Trading Unit

The size of the unit of trading shall be \$1,000 times the respective CHI.

##### 42802.C. Price Increments

The minimum price fluctuation on the respective CHI seasonal maximum futures shall be 0.1 index point, and have a value of \$100.

##### 42802.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.

~~A person owning or controlling more than 10,000 contracts not long or net short in any contract month 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 the respective CME Hurricane Index Seasonal maximum futures, this rule is superseded by the option position accountability rule.~~

**42802.E. [Reserved] 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.~~

**42802.F. [Reserved]**

**42802.G. Termination of Trading**

Futures trading shall terminate at 9:00 ~~a~~**A.m**~~M.~~ on the first Exchange ~~B~~**business** ~~D~~**Day** that is at least five calendar days following December 31.

**42802.H. [Reserved] Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CHI seasonal maximum futures 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 governmental orders.~~

**42802.I. [Reserved]**

**42803. SETTLEMENT PROCEDURES**

**42803.A. Final Settlement Price**

All futures contracts remaining open at the termination of trading shall be settled using the respective CHI Seasonal Maximum final value reported by MDA Information Systems, Inc., using the methodology in effect on that date. For example, on January 5, 2006, the 2005 Gulf Coast Seasonal Maximum contract would have been settled at 19.0 CHI index points.

**42803.B. Final Settlement**

Clearing members holding open positions in a CHI ~~S~~**seasonal** ~~M~~**maximum** 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.

**42804. [RESERVED]**

**42805.-06. [RESERVED]**

(End Chapter 428)

**INTERPRETATIONS AND SPECIAL NOTICES  
RELATING TO CHAPTER 428**

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") 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. MDA 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 CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 428A

### Options on CME Hurricane Index Seasonal Maximum Futures

#### 428A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME Hurricane Index™ (“CHI”™) Seasonal Maximum futures ~~contracts~~. ~~The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, options on CHI Seasonal Maximum 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.~~

#### 428A01. OPTIONS CHARACTERISTICS

##### 428A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange~~Board of Directors.

##### 428A01.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 respective CHI seasonal maximum futures contract as specified in Chapter 428.

##### 428A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CHI. Each index point represents \$1,000. For example, a quote of 2 index points represents \$2,000. The minimum fluctuation shall be 0.1 CHI (also known as one tick), equal to \$100.

##### 428A01.D. [Reserved]

##### 428A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CHI ~~S~~seasonal ~~M~~maximum futures contract. Eligible exercise prices shall be at intervals of 1 index point (e.g., 10, 11, 12, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 0 to 30 index points. New options may be listed for trading up to and including the termination of trading.

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

##### 428A01.F. 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. A person owning or controlling a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in any individual contract 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.~~

**428A01.G. ~~[Reserved]~~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.~~

**428A01.H. [Reserved]****428A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**428A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

**428A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CHI ~~S~~seasonal ~~M~~maximum options.

**428A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer on any ~~B~~business ~~D~~elay the option is traded. Exercise of an option is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated 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.

**428A02.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 ~~B~~business ~~D~~elay.

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 ~~T~~trading ~~D~~elay of acceptance by the Clearing House of the exercise notice.

**428A03. [RESERVED]**

(End Chapter 428A)

## INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 428A

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

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

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

MDA Information Systems, Inc. (“MDA”, formerly “Earth Sat”) 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. MDA 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 CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 428B

### CME Hurricane Index Seasonal Maximum Binary Contract

#### 428B00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading of~~ binary contracts on the seasonal maximum value of the respective CME Hurricane Index™ (“CHI”™). ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~ In addition to this chapter, binary contracts on the CHI Seasonal Maximum 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.

#### 428B01. ~~CONTRACT~~COMMODITY SPECIFICATIONS

CHI Seasonal Maximum values will be calculated by MDA Information Systems, Inc., using the methods described in the “CME Hurricane Index: Scope and Definitions” document, for hurricanes making landfall in the locations specified in Chapter 428.

Separate binary contracts will be listed for trading on the maximum CHI final settlement value for hurricanes that make landfall in a specific location (e.g., Gulf Coast) between January 1 and December 31 inclusive of a calendar year.

#### 428B02. ~~CONTRACT CALL~~ OPTIONS CHARACTERISTICS

##### 428B02.A. Trading Schedule

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

##### 428B02.B. Trading Unit

The unit of trading shall be \$10,000.

##### 428B02.C. Minimum Fluctuations

The price of a binary contract shall be quoted in points, in a range between 0 (zero) and 100. Each point represents \$100. For example, a quote of 12.24 points represents a price of \$1,224. The minimum fluctuation shall be 0.01 points (also known as one tick), equal to \$1.

##### 428B02.D. [Reserved]

##### 428B02.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CHI. Eligible exercise prices shall be at intervals of 1 CHI index point (e.g., 10, 11, 12, etc.).

At the commencement of trading in a contract, binary contracts shall be listed at intervals of 1 CHI index point in a range of 1 to 50 CHI index points. New binary contracts may be listed for trading up to and including the termination of trading.

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

##### 428B02.F. 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.

~~A person owning or controlling more than 10,000 binary contracts in any individual contract~~

~~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.~~

**428B02.G. ~~[Reserved]~~ 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.~~

**428B02.H. [Reserved]**

**428B02.I. Termination of Trading**

Trading shall terminate at 9:00 ~~a~~**A**.~~m~~**M** on the first Exchange ~~B~~**b**usiness ~~D~~**e**lay that is at least five calendar days following December 31.

**428B02.J. ~~[Reserved]~~ Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract except that all contracts 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 contracts shall be subject to such governmental orders.~~

**428B02.K. [Reserved]**

**428B03. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CHI binary contracts.

**428B03.A. Exercise of Binary Contract by Buyer**

A binary contract may be exercised by the buyer on any ~~B~~**b**usiness ~~D~~**e**lay that the contract is traded. Exercise of a binary contract is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

A binary contract that is in the money (i.e., the respective CHI is equal to or greater than the exercise price) and has not been liquidated 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 buyer, be exercised automatically.

**428B03.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 ~~B~~**b**usiness ~~D~~**e**lay.

The buyer of a binary contract shall receive \$10,000 if the seasonal maximum of 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 seasonal maximum of 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 January 5, 2006, the 2005 Gulf Coast Seasonal Maximum ~~b~~**B**inary contract would have been settled at 19.0 CHI index points. Therefore, buyers of such binary contracts with exercise prices equal to or less than 19 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 20 or greater would have received nothing.

**428B03.C. Final Settlement**

All binary contracts remaining open at the termination of trading shall be settled using the respective CHI seasonal maximum final value reported by MDA Information Systems, Inc., using the methodology in effect on that date.

Clearing members holding open positions in a CHI ~~S~~**s**easonal ~~M~~**m**aximum binary contract that is in the money 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. All such positions shall be settled at a price of 100 points, equal to \$10,000, and shall be marked to market in accordance with Rule 814 on the **T**trading **D**ay of acceptance by the Clearing House of the exercise notice.

**428B04. [RESERVED]**

**428B05.-06. [RESERVED]**

(End Chapter 428B)

### **INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 428B**

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

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") 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. MDA 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 CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.



## Chapter 428C

### CME Hurricane Index

#### Second Event Seasonal Maximum Binary Contract

#### 428C00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading of~~ binary contracts on the second event seasonal maximum value of the respective CME Hurricane Index™ (CHI™). ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~ In addition to this chapter, binary contracts on the CHI Second Event Seasonal Maximum 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.

#### 428C01. ~~CONTRACT~~COMMODITY SPECIFICATIONS

CHI Second Event Seasonal Maximum values will be calculated by MDA Information Systems, Inc., using the methods described in the “CME Hurricane Index: Scope and Definitions” document, for hurricanes making landfall in the locations specified in Chapter 428.

Separate binary contracts will be listed for trading on the second hurricane to make landfall in a specific location (e.g., Gulf Coast) between January 1 and December 31 inclusive of a calendar year with a particular maximum CHI value.

#### 428C02. ~~CONTRACT CALL~~ OPTIONS CHARACTERISTICS

##### 428C02.A. Trading Schedule

Binary contracts shall be scheduled for trading during such hours in such months as may be determined by the Exchange Board of Directors.

##### 428C02.B. Trading Unit

The unit of trading shall be \$10,000.

##### 428C02.C. Minimum Fluctuations

The price of a binary contract shall be quoted in points, in a range between 0 (zero) and 100. Each point represents \$100. For example, a quote of 12.24 points represents a price of \$1,224. The minimum fluctuation shall be 0.01 points (also known as one tick), equal to \$1.

##### 428C02.D. [Reserved]

##### 428C02.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CHI. Eligible exercise prices shall be at intervals of 1 CHI index point (e.g., 10, 11, 12, etc.).

At the commencement of trading in a contract, binary contracts shall be listed at intervals of 1 CHI index point in a range of 1 to 50 CHI index points. New binary contracts may be listed for trading up to and including the termination of trading.

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

##### 428C02.F. 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.

~~A person owning or controlling more than 10,000 binary contracts in any individual contract~~

~~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.~~

**428C02.G. ~~[Reserved]~~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.~~

**428C02.H. [Reserved]**

**428C02.I. Termination of Trading**

Trading shall terminate at 9:00 ~~aA.mM.~~ on the first Exchange ~~Bb~~business ~~Dd~~day that is at least five calendar days following December 31.

**428C02.J. ~~[Reserved]~~Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract except that all contracts 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 contracts shall be subject to such governmental orders.~~

**428C02.K. [Reserved]**

**428C03. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CHI binary contracts.

**428C03.A. Exercise of Binary Contract by Buyer**

A binary contract may be exercised by the buyer on any ~~Bb~~business ~~Dd~~day that the contract is traded. Exercise of a binary contract is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

A binary contract that is in the money (i.e., the respective CHI is equal to or greater than the exercise price) and has not been liquidated 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 buyer, be exercised automatically.

**428C03.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 ~~Bb~~business ~~Dd~~day.

The buyer of a binary contract shall receive \$10,000 if the second event seasonal maximum of 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 second event seasonal maximum of 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 January 5, 2006, the 2005 Gulf Coast Second Event Seasonal Maximum ~~bB~~binary contract would have been settled at 9.9 CHI index points (i.e., Hurricane Rita, which made landfall after Hurricane Katrina). Therefore, buyers of such binary contracts with exercise prices equal to or less than 9 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 10 or greater would have received nothing.

**428C03.C. Final Settlement**

All binary contracts remaining open at the termination of trading shall be settled using the

respective CHI second event seasonal maximum final value reported by MDA Information Systems, Inc., using the methodology in effect on that date.

Clearing members holding open positions in a CHI ~~S~~second ~~E~~event ~~S~~seasonal ~~M~~maximum binary contract that is in the money 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. All such positions shall be settled at a price of 100 points, equal to \$10,000, and shall be marked to market in accordance with Rule 814 on the ~~T~~trading ~~D~~day of acceptance by the Clearing House of the exercise notice.

**428C04. [RESERVED]**

**428C05.-06. [RESERVED]**

(End Chapter 428C)

### INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 428C

#### LIMITATION OF LIABILITY AND DISCLAIMER

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") 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. MDA 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 CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

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

### 43000. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on the~~ CME Hurricane Index™ (CHI™) Cat-In-A-Box ~~futures. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, CHI Cat-In-A-Box 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.~~

### 43001. ~~CONTRACT~~COMMODITY SPECIFICATIONS

CHI Cat-In-A-Box values will be calculated by MDA Information Systems, Inc., using the methods described in the "CME Hurricane Index: Scope and Definitions" document, for hurricanes entering the following geographic areas:

- Galveston-Mobile (area bounded by 95°30'0"W on the west, 87°30'0"W on the east, 27°30'0"N on the south, and the corresponding segment of the US coastline on the north)

Separate futures contracts will be listed for trading on named hurricanes that enter a specific geographic area (e.g., Galveston-Mobile) between January 1 and December 31 inclusive of a calendar year. At the beginning of each season storm names are used from a list, starting with A and ending with Z, maintained by the World Meteorological Organization. In the event that more than 21 named storms occur in a season, additional storms will take names from the Greek alphabet: Alpha, Beta, Gamma, Delta, and so on.

### 43002. ~~TRADING SPECIFICATIONS~~FUTURES CALL

#### 43002.A. Trading Schedule

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

#### 43002.B. ~~Size of~~Trading Unit

The size of the unit of trading shall be \$1,000 times the respective CHI Cat-In-A-Box value.

#### 43002.C. Price Increments

The minimum price fluctuation on the respective CHI Cat-In-A-Box futures shall be 0.1 index point, and have a value of \$100.

#### 43002.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. A person owning or controlling more than 10,000 contracts net long or net short in any contract month 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 the respective CME Hurricane Index Cat-In-A-Box futures, this rule is superseded by the option position accountability rule.~~

#### 43002.E. ~~[Reserved]~~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.~~

**43002.F. [Reserved]**

**43002.G. Termination of Trading**

Futures trading shall terminate at 9:00 ~~aA.mM.~~ on the first Exchange ~~Bb~~business ~~Dd~~day that is at least 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 ~~Bb~~business ~~Dd~~day that is at least five calendar days following January 1, or later than the first ~~Bb~~business ~~Dd~~day that is at least 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 ~~aA.mM.~~ on the first Exchange ~~Bb~~business ~~Dd~~day that is at least five calendar days following December 31.

**43002.H. ~~[Reserved]Contract Modification~~**

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CHI Cat In A Box futures 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 governmental orders.~~

**43002.I. [Reserved]**

## **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 MDA Information Systems, Inc. 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 MDA Information Systems, Inc. after the final Public Advisory for Katrina had been issued by the NHC.

**43003.B. Final Settlement**

Clearing members holding open positions in a CHI Cat-In-A-Box 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.

**43004. [RESERVED]**

**43005.-06. [RESERVED]**

(End Chapter 430)

## **INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 430**

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

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") 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. MDA 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 CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.



## Chapter 430A

### Options on CME Hurricane Index Cat-In-A-Box Futures

#### 430A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME Hurricane Index™ (“CHI”™) Cat-In-A-Box futures ~~contracts~~. ~~The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, options on CHI Cat-In-A-Box 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.~~

#### 430A01. OPTIONS CHARACTERISTICS

##### 430A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange Board of Directors~~.

##### 430A01.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 respective CHI Cat-In-A-Box futures contract as specified in Chapter 430.

##### 430A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective index. Each index point represents \$1,000. For example, a quote of 2 index points represents \$2,000. The minimum fluctuation shall be 0.1 index point (also known as one tick), equal to \$100.

##### 430A01.D. [Reserved]

##### 430A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CHI Cat-In-A-Box futures contract. Eligible exercise prices shall be at intervals of 1 index point (e.g., 10, 11, 12, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 0 to 30 index points. New options may be listed for trading up to and including the termination of trading.

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

##### 430A01.F. 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.

~~A person owning or controlling a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in any individual contract 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.~~

**430A01.G. ~~[Reserved]~~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.~~

**430A01.H. ~~[Reserved]~~****430A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**430A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

**430A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CHI Cat-In-A-Box options.

**430A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer on any ~~B~~business ~~D~~day the option is traded. Exercise of an option is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated 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.

**430A02.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 ~~B~~business ~~D~~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 ~~T~~trading ~~D~~day of acceptance by the Clearing House of the exercise notice.

**430A03. [RESERVED]**

### INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 430A

**CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~



**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") 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. EQECAT 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 CHI. Without limiting any of the foregoing, in no event shall EQECAT have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 430B

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

#### 430B00. SCOPE OF CHAPTER<sup>1</sup>

This chapter is limited in application to ~~trading of~~ binary contracts on the CME Hurricane Index™ (“CHI”™) Cat-In-A-Box. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, binary contracts on the CHI Cat-In-A-Box 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.~~

#### 430B01. ~~CONTRACT~~COMMODITY SPECIFICATIONS

CHI Cat-In-A-Box values will be calculated by MDA Information Systems, Inc., using the methods described in the “CME Hurricane Index: Scope and Definitions” document, for hurricanes entering the geographic areas specified in Chapter 430.

Separate binary contracts will be listed for trading on named hurricanes that enter a specific geographic area (e.g., Galveston-Mobile) between January 1 and December 31 inclusive of a calendar year. At the beginning of each season storm names are used from a list, starting with A and ending with Z, maintained by the World Meteorological Organization. In the event that more than 21 named storms occur in a season, additional storms will take names from the Greek alphabet: Alpha, Beta, Gamma, Delta, and so on.

#### 430B02. ~~CONTRACT CALL~~ OPTIONS CHARACTERISTICS

##### 430B02.A. Trading Schedule

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

##### 430B02.B. Trading Unit

The unit of trading shall be \$10,000.

##### 430B02.C. Minimum Fluctuations

The price of a binary contract shall be quoted in points, in a range between 0 (zero) and 100. Each point represents \$100. For example, a quote of 12.24 points represents a price of \$1,224. The minimum fluctuation shall be 0.01 points (also known as one tick), equal to \$1.

##### 430B02.D. [Reserved]

##### 430B02.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CHI. Eligible exercise prices shall be at intervals of 1 CHI index point (e.g., 10, 11, 12, etc.).

At the commencement of trading in a contract, binary contracts shall be listed at intervals of 1 CHI index point in a range of 1 to 30 CHI index points. New binary contracts may be listed for trading up to and including the termination of trading.

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

##### 430B02.F. ~~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.~~

<sup>1</sup> Chapter adopted August 2008; Revised December 2008.

~~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.~~

~~A person owning or controlling more than 10,000 binary contracts in any individual contract 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.~~

#### **430B02.G. ~~[Reserved]~~ 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.~~

#### **430B02.H. [Reserved]**

#### **430B02.I. Termination of Trading**

Trading shall terminate at 9:00 ~~a~~A.M. on the first Exchange ~~B~~business ~~D~~day that is at least 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 ~~B~~business ~~D~~day that is at least five calendar days following January 1, or later than the first ~~B~~business ~~D~~day that is at least 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 ~~B~~business ~~D~~day that is at least five calendar days following December 31.

#### **430B02.J. ~~[Reserved]~~ Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract except that all contracts 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 contracts shall be subject to such governmental orders.~~

#### **430B02.K. [Reserved]**

### **430B03. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CHI binary contracts.

#### **430B03.A. Exercise of Binary Contract by Buyer**

A binary contract may be exercised by the buyer on any ~~B~~business ~~D~~day that the contract is traded. Exercise of a binary contract is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

A binary contract that is in the money (i.e., the respective CHI is equal to or greater than the exercise price) and has not been liquidated 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 buyer, be exercised automatically.

#### **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 ~~B~~business ~~D~~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 6, 2005, the Hurricane Katrina Galveston-Mobile Cat-In-A-Box ~~b~~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.

**430B03.C. Final Settlement**

All binary contracts remaining open at the termination of trading shall be settled using the respective CHI Cat-In-A-Box final value reported by MDA Information Systems, Inc., using the methodology in effect on that date.

Clearing members holding open positions in a CHI Cat-In-A-Box binary contract that is in the money 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. All such positions shall be settled at a price of 100 points, equal to \$10,000, and shall be marked to market in accordance with Rule 814 on the **T**trading **D**eday of acceptance by the Clearing House of the exercise notice.

**430B04. [RESERVED]**

**430B05.-06. [RESERVED]**

(End Chapter 430B)

**INTERPRETATIONS AND SPECIAL NOTICES  
RELATING TO CHAPTER 430B**

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") 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. MDA 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 CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 431 CME Hurricane Index Seasonal Cat-In-A-Box Futures

### 43100. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on the seasonal total of the~~ CME Hurricane Index™ (“CHI”™) Cat-In-A-Box ~~futures. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, CHI Seasonal Cat-In-A-Box 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.~~

### 43101. ~~CONTRACT~~COMMODITY SPECIFICATIONS

CHI Seasonal Cat-In-A-Box values will be calculated by MDA using the methods described in the “CME Hurricane Index: Scope and Definitions” document, for hurricanes entering the following geographic areas:

- Galveston-Mobile (area bounded by 95°30’0”W on the west, 87°30’0”W on the east, 27°30’0”N on the south, and the corresponding segment of the US coastline on the north)

Separate futures contracts will be listed for trading on the accumulated CHI Cat-In-A-Box final settlement values for all hurricanes that enter a specific geographic area (e.g., Galveston-Mobile) between January 1 and December 31 inclusive of a calendar year.

### 43102. ~~TRADING SPECIFICATIONS~~FUTURES CALL

#### 43102.A. Trading Schedule

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

#### 43102.B. ~~Size of~~ Trading Unit

The size of the unit of trading shall be \$1,000 times the respective CHI Seasonal Cat-In-A-Box value.

#### 43102.C. Price Increments

The minimum price fluctuation on the respective CHI Seasonal Cat-In-A-Box futures shall be 0.1 index point, and have a value of \$100.

#### 43102.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. A person owning or controlling more than 10,000 contracts not long or not short in any contract month 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 the respective CME Hurricane Index Seasonal Cat-In-A-Box futures, this rule is superseded by the option position accountability rule.~~

#### 43102.E. ~~[Reserved]~~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.~~

43102.F. [Reserved]

43102.G. Termination of Trading

Futures trading shall terminate at 9:00 aA.mM. on the first Exchange Bbbusiness Ddday that is at least five calendar days following December 31.

43102.H. ~~[Reserved]Contract Modification~~

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CHI Seasonal Cat-In-A-Box futures 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 governmental orders.~~

43102.I. [Reserved]

#### 43103. SETTLEMENT PROCEDURES

43103.A. Final Settlement Price

All futures contracts remaining open at the termination of trading shall be settled using the respective CHI Seasonal Cat-In-A-Box final value reported by MDA Information Systems, Inc., using the methodology in effect on that date. For example, on January 5, 2006, the 2005 Galveston-Mobile Seasonal Cat-In-A-Box contract would have been settled at 33.3 CHI index points.

43103.B. Final Settlement

Clearing members holding open positions in a CHI Seasonal Cat-In-A-Box 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.

43104. [RESERVED]

43105.-06. [RESERVED]

(End Chapter 431)

### INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 431

#### LIMITATION OF LIABILITY AND DISCLAIMER

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") 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. MDA 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 CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 431A

### Options on CME Hurricane Index Seasonal Cat-In-A-Box Futures

#### 431A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME Hurricane Index™ (“CHI”™) Seasonal Cat-In-A-Box futures ~~contracts~~. ~~The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, options on CHI Seasonal Cat-In-A-Box 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.~~

#### 431A01. OPTIONS CHARACTERISTICS

##### 431A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange Board of Directors~~.

##### 431A01.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 respective CHI Seasonal Cat-In-A-Box futures contract as specified in Chapter 431.

##### 431A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective index. Each index point represents \$1,000. For example, a quote of 2 index points represents \$2,000. The minimum fluctuation shall be 0.1 CHI (also known as one tick), equal to \$100.

##### 431A01.D. [Reserved]

##### 431A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CHI Seasonal Cat-In-A-Box futures contract. Eligible exercise prices shall be at intervals of 1 index point (e.g., 10, 11, 12, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 0 to 50 index points. New options may be listed for trading up to and including the termination of trading.

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

##### 431A01.F. 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.

~~A person owning or controlling a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in any individual contract 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.~~

**431A01.G. ~~[Reserved]~~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.~~

**431A01.H. ~~[Reserved]~~****431A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**431A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

**431A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CHI Seasonal Cat-In-A-Box options.

**431A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer on any ~~B~~business ~~D~~day the option is traded. Exercise of an option is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated 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.

**431A02.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 ~~T~~trading ~~D~~day of acceptance by the Clearing House of the exercise notice.

**431A03. [RESERVED]**

### INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 431A

**CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

**LIMITATION OF LIABILITY AND DISCLAIMER**



MDA Information Systems, Inc. (“MDA”, formerly “Earth Sat”) 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. MDA 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 CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 431B

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

#### 431B00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading of~~ binary contracts on the seasonal total of the respective CME Hurricane Index™ ("CHI"™) for Cat-In-A-Box. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, binary contracts on the CHI Seasonal Cat-In-A-Box 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.~~

#### 431B01. ~~CONTRACT~~COMMODITY SPECIFICATIONS

CHI Seasonal Cat-In-A-Box values will be calculated by MDA Information Systems, Inc., using the methods described in the "CME Hurricane Index: Scope and Definitions" document, for hurricanes entering the geographic areas specified in Chapter 431.

Separate binary contracts will be listed for trading on the accumulated CHI Cat-in-a-Box final settlement values for all hurricanes that enter a specific geographic area (e.g., Galveston-Mobile) between January 1 and December 31 inclusive of a calendar year.

#### 431B02. ~~CONTRACT CALL~~ OPTIONS CHARACTERISTICS

##### 431B02.A. Trading Schedule

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

##### 431B02.B. Trading Unit

The unit of trading shall be \$10,000.

##### 431B02.C. Minimum Fluctuations

The price of a binary contract shall be quoted in points, in a range between 0 (zero) and 100. Each point represents \$100. For example, a quote of 12.24 points represents a price of \$1,224. The minimum fluctuation shall be 0.01 points (also known as one tick), equal to \$1.

##### 431B02.D. [Reserved]

##### 431B02.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CHI. Eligible exercise prices shall be at intervals of 1 CHI index point (e.g., 10, 11, 12, etc.).

At the commencement of trading in a contract, binary contracts shall be listed at intervals of 1 CHI index point in a range of 1 to 50 CHI index points. New binary contracts may be listed for trading up to and including the termination of trading.

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

##### 431B02.F. 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.~~

~~A person owning or controlling more than 10,000 binary contracts in any individual contract 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.~~

**431B02.G. ~~[Reserved]~~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.~~

**431B02.H. [Reserved]****431B02.I. Termination of Trading**

Trading shall terminate at 9:00 ~~a~~A.~~m~~M. on the first Exchange ~~B~~business ~~D~~day that is at least five calendar days following December 31.

**431B02.J. ~~[Reserved]~~Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract except that all contracts 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 contracts shall be subject to such governmental orders.~~

**431B02.K. [Reserved]****431B03. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CHI binary contracts.

**431B03.A. Exercise of Binary Contract by Buyer**

A binary contract may be exercised by the buyer on any ~~B~~business ~~D~~day that the contract is traded. Exercise of a binary contract is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

A binary contract that is in the money (i.e., the respective CHI is equal to or greater than the exercise price) and has not been liquidated 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 buyer, be exercised automatically.

**431B03.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 ~~B~~business ~~D~~day.

The buyer of a binary contract shall receive \$10,000 if the seasonal total of 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 seasonal total of 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 January 5, 2006, the 2005 Galveston-Mobile Seasonal Cat-In-A-Box ~~b~~Binary contract would have been settled at 33.3 CHI index points. Therefore, buyers of such binary contracts with exercise prices equal to or less than 33 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 34 or greater would have received nothing.

**431B03.C. Final Settlement**

All binary contracts remaining open at the termination of trading shall be settled using the respective CHI ~~S~~seasonal Cat-In-A-Box final value reported by MDA Information Systems, Inc., using the methodology in effect on that date.

Clearing members holding open positions in a CHI ~~S~~seasonal Cat-In-A-Box binary contract that is in the money 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. All such positions shall be settled at a price of 100 points, equal to \$10,000, and shall be marked to market in accordance with Rule 814 on the ~~T~~trading ~~D~~day of acceptance by the Clearing House of the exercise notice.

**431B04. [RESERVED]**

**431B05.-06. [RESERVED]**

(End Chapter 431B)

**INTERPRETATIONS AND SPECIAL NOTICES  
RELATING TO CHAPTER 431B**

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. (“MDA”, formerly “Earth Sat”) 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. MDA 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 CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 432 CME Hurricane Index Seasonal Maximum Cat-In-A-Box Futures

### 43200. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on the seasonal maximum value of the CME Hurricane Index™ (“CHI”™) Seasonal Maximum Cat-In-A-Box futures. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, CHI Seasonal Maximum Cat-In-A-Box 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.~~

### 43201. ~~CONTRACT~~COMMODITY SPECIFICATIONS

CHI Seasonal Maximum Cat-In-A-Box values will be calculated by MDA Information Systems, Inc., using the methods described in the “CME Hurricane Index: Scope and Definitions” document, for hurricanes entering the following geographic areas:

- Galveston-Mobile (area bounded by 95°30'0"W on the west, 87°30'0"W on the east, 27°30'0"N on the south, and the corresponding segment of the US coastline on the north)

Separate futures contracts will be listed for trading on the maximum CHI Cat-in-a-Box final settlement value for hurricanes that enter a specific geographic area (e.g., Galveston-Mobile) between January 1 and December 31 inclusive of a calendar year.

### 43202. ~~TRADING SPECIFICATIONS~~FUTURES CALL

#### 43202.A. Trading Schedule

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

#### 43202.B. ~~Size of~~ Trading Unit

The size of the unit of trading shall be \$1,000 times the respective CHI Seasonal Maximum Cat-In-A-Box value.

#### 43202.C. Price Increments

The minimum price fluctuation on the respective CHI Seasonal Maximum Cat-In-A-Box futures shall be 0.1 index point, and have a value of \$100.

#### 43202.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.~~

~~A person owning or controlling more than 10,000 contracts net long or net short in any contract month 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 the respective CME Hurricane Index Seasonal maximum futures, this rule is superseded by the option position accountability rule.~~

#### 43202.E. ~~[Reserved]~~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.~~

43202.F. [Reserved]

43202.G. Termination of Trading

Futures trading shall terminate at 9:00 a.m. on the first Exchange business day that is at least five calendar days following December 31.

43202.H. ~~[Reserved] Contract Modification~~

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CHI Seasonal Maximum Cat-In-A-Box futures 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 governmental orders.~~

43202.I. [Reserved]

### 43203. SETTLEMENT PROCEDURES

43203.A. Final Settlement Price

All futures contracts remaining open at the termination of trading shall be settled using the respective CHI Seasonal Maximum Cat-In-A-Box final value reported by MDA Information Systems, Inc., using the methodology in effect on that date. For example, on January 5, 2006, the 2005 Galveston-Mobile Seasonal Maximum Cat-In-A-Box contract would have been settled at 22.4 CHI index points.

43203.B. Final Settlement

Clearing members holding open positions in a CHI Seasonal Maximum Cat-In-A-Box 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.

43204. [RESERVED]

43205.-06. [RESERVED]

(End Chapter 432)

## INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 432

### LIMITATION OF LIABILITY AND DISCLAIMER

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") 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. MDA 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 CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 432A

### Options on CME Hurricane Index Seasonal Maximum Cat-In-A-Box Futures

#### 432A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME Hurricane Index™ ("CHI"™) Seasonal Maximum Cat-In-A-Box futures ~~contracts. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, options on CHI Seasonal Maximum Cat-In-A-Box 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.~~

#### 432A01. OPTIONS CHARACTERISTICS

##### 432A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange Board of Directors.~~

##### 432A01.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 respective CHI Seasonal Maximum Cat-In-A-Box futures contract as specified in Chapter 432.

##### 432A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective index. Each index point represents \$1,000. For example, a quote of 2 index points represents \$2,000. The minimum fluctuation shall be 0.1 index point (also known as one tick), equal to \$100.

##### 432A01.D. [Reserved]

##### 432A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CHI Seasonal Maximum Cat-In-A-Box futures contract. Eligible exercise prices shall be at intervals of 1 index point (e.g., 10, 11, 12, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 0 to 30 index points. New options may be listed for trading up to and including the termination of trading.

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

##### 432A01.F. 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.

~~A person owning or controlling a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in any individual contract 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.~~

**432A01.G. ~~[Reserved]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.~~

**432A01.H. ~~[Reserved]~~****432A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**432A01.J. ~~[Reserved]Contract Modifications~~**

~~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.~~

**432A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CHI Seasonal Maximum Cat-In-A-Box options.

**432A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer on any Business Day the option is traded. Exercise of an option is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated 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.

**432A02.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 Tradings Day of acceptance by the Clearing House of the exercise notice.

**432A03. [RESERVED]**

(End Chapter 432A)

## INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 432A

### CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~



**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") 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. MDA 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 CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 432B

### CME Hurricane Index Seasonal Maximum Cat-In-A-Box Binary Contract

#### 432B00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading of~~ binary contracts on the seasonal maximum value of the respective CME Hurricane Index™ (“CHI”™) for Cat-In-A-Box. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, binary contracts on the CHI Seasonal Maximum Cat-In-A-Box 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.~~

#### 432B01. ~~COMMODITY CONTRACT SPECIFICATIONS~~

CHI Seasonal Maximum Cat-In-A-Box values will be calculated by MDA Information Systems, Inc., using the methods described in the “CME Hurricane Index: Scope and Definitions” document, for hurricanes entering the geographic areas specified in Chapter 432.

Separate binary contracts will be listed for trading on the maximum CHI Cat-in-a-Box final settlement value for hurricanes that enter a specific geographic area (e.g., Galveston-Mobile) between January 1 and December 31 inclusive of a calendar year.

#### 432B02. ~~CONTRACT CALL OPTIONS CHARACTERISTICS~~

##### 432B02.A. Trading Schedule

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

##### 432B02.B. Trading Unit

The unit of trading shall be \$10,000.

##### 432B02.C. Minimum Fluctuations

The price of a binary contract shall be quoted in points, in a range between 0 (zero) and 100. Each point represents \$100. For example, a quote of 12.24 points represents a price of \$1,224. The minimum fluctuation shall be 0.01 points (also known as one tick), equal to \$1.

##### 432B02.D. [Reserved]

##### 432B02.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CHI. Eligible exercise prices shall be at intervals of 1 CHI index point (e.g., 10, 11, 12, etc.).

At the commencement of trading in a contract, binary contracts shall be listed at intervals of 1 CHI index point in a range of 1 to 50 CHI index points. New binary contracts may be listed for trading up to and including the termination of trading.

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

##### 432B02.F. ~~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.~~

~~A person owning or controlling more than 10,000 binary contracts in any individual contract 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.~~

**432B02.G. ~~[Reserved]~~ 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.~~

**432B02.H. [Reserved]**

**432B02.I. Termination of Trading**

Trading shall terminate at 9:00 ~~a~~A.~~M~~. on the first Exchange ~~B~~business ~~D~~day that is at least five calendar days following December 31.

**432B02.J. ~~[Reserved]~~ Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract except that all contracts 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 contracts shall be subject to such governmental orders.~~

**432B02.K. [Reserved]**

**432B03. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CHI binary contracts.

**432B03.A. Exercise of Binary Contract by Buyer**

A binary contract may be exercised by the buyer on any ~~B~~business ~~D~~day that the contract is traded. Exercise of a binary contract is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

A binary contract that is in the money (i.e., the respective CHI is equal to or greater than the exercise price) and has not been liquidated 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 buyer, be exercised automatically.

**432B03.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 ~~B~~business ~~D~~day.

The buyer of a binary contract shall receive \$10,000 if the seasonal maximum of 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 seasonal maximum of 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 January 5, 2006, the 2005 Galveston-Mobile Seasonal Maximum Cat-In-A-Box ~~b~~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.

**432B03.C. Final Settlement**

All binary contracts remaining open at the termination of trading shall be settled using the respective CHI seasonal maximum Cat-In-A-Box final value reported by MDA Information Systems, Inc., using the methodology in effect on that date.

Clearing members holding open positions in a CHI seasonal maximum Cat-In-A-Box binary contract that is in the money 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. All such positions shall be settled at a price of 100 points, equal to \$10,000, and shall be marked to market in accordance with Rule 814 on the ~~T~~tradings ~~D~~day of acceptance by the

Clearing House of the exercise notice.

**432B04. [RESERVED]**

**432B05.-06. [RESERVED]**

(End Chapter 432B)

**INTERPRETATIONS AND SPECIAL NOTICES  
RELATING TO CHAPTER 432B**

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") 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. MDA 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 CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 432C

### CME Hurricane Index Second Event Seasonal Maximum Cat-In-A-Box Binary Contract

#### 432C00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading of~~ binary contracts on the second event seasonal maximum value of the respective CME Hurricane Index™ (CHI™) for Cat-In-A-Box. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, binary contracts on the CHI Second Event Seasonal Maximum Cat-In-A-Box 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.~~

#### 432C01. ~~COMMODITY CONTRACT SPECIFICATIONS~~

CHI Second Event Seasonal Maximum Cat-In-A-Box values will be calculated by MDA Information Systems, Inc., using the methods described in the "CME Hurricane Index: Scope and Definitions" document, for hurricanes entering the geographic areas specified in Chapter 432.

Separate binary contracts will be listed for trading on the second hurricane to enter a specific geographic area (e.g., Galveston-Mobile) between January 1 and December 31 inclusive of a calendar year with a particular maximum CHI value.

#### 432C02. ~~CONTRACT CALL OPTIONS CHARACTERISTICS~~

##### 432C02.A. Trading Schedule

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

##### 432C02.B. Trading Unit

The unit of trading shall be \$10,000.

##### 432C02.C. Minimum Fluctuations

The price of a binary contract shall be quoted in points, in a range between 0 (zero) and 100. Each point represents \$100. For example, a quote of 12.24 points represents a price of \$1,224. The minimum fluctuation shall be 0.01 points (also known as one tick), equal to \$1.

##### 432C02.D. [Reserved]

##### 432C02.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CHI. Eligible exercise prices shall be at intervals of 1 CHI index point (e.g., 10, 11, 12, etc.).

At the commencement of trading in a contract, binary contracts shall be listed at intervals of 1 CHI index point in a range of 1 to 50 CHI index points. New binary contracts may be listed for trading up to and including the termination of trading.

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

##### 432C02.F. ~~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.~~

~~A person owning or controlling more than 10,000 binary contracts in any individual contract 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.~~

**432C02.G. ~~[Reserved]~~ 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.~~

**432C02.H. [Reserved]**

**432C02.I. Termination of Trading**

Trading shall terminate at 9:00 ~~a~~A.~~m~~M. on the first Exchange ~~B~~Business ~~D~~Delay that is at least five calendar days following December 31.

**432C02.J. ~~[Reserved]~~ Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract except that all contracts 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 contracts shall be subject to such governmental orders.~~

**432C02.K. [Reserved]**

**432C03. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CHI binary contracts.

**432C03.A. Exercise of Binary Contract by Buyer**

A binary contract may be exercised by the buyer on any ~~B~~Business ~~D~~Delay that the contract is traded. Exercise of a binary contract is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

A binary contract that is in the money (i.e., the respective CHI is equal to or greater than the exercise price) and has not been liquidated 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 buyer, be exercised automatically.

**432C03.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 ~~B~~Business ~~D~~Delay.

The buyer of a binary contract shall receive \$10,000 if the second event seasonal maximum of 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 second event seasonal maximum of 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 January 5, 2006, the 2005 Galveston-Mobile Second Event Seasonal Maximum Cat-In-A-Box ~~b~~binary contract would have been settled at 10.9 CHI index points (i.e., Hurricane Rita, which entered the area after Hurricane Katrina). Therefore, buyers of such binary contracts with exercise prices equal to or less than 10 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 11 or greater would have received

nothing.

#### **432C03.C. Final Settlement**

All binary contracts remaining open at the termination of trading shall be settled using the respective CHI second event seasonal maximum Cat-In-A-Box final value reported by MDA Information Systems, Inc., using the methodology in effect on that date.

Clearing members holding open positions in a CHI ~~S~~second ~~E~~event ~~S~~seasonal ~~M~~maximum Cat-In-A-Box binary contract that is in the money 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. All such positions shall be settled at a price of 100 points, equal to \$10,000, and shall be marked to market in accordance with Rule 814 on the ~~T~~trading ~~D~~day of acceptance by the Clearing House of the exercise notice.

#### **432C04. [RESERVED]**

#### **432C05.-06. [RESERVED]**

(End Chapter 432C)

### **INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 432C**

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

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") 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. MDA 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 CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 439

### CME Australian Degree Days Index Futures

#### 43900. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on~~ CME Australian Degree Days Indexes ~~futures~~. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~ In addition to this chapter, CME Australian Degree Days 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.

#### 43901. ~~COMMODITY CONTRACT~~ SPECIFICATIONS

##### 1. Heating Degree Days and Cooling Degree Days

The daily average temperature is defined as the arithmetic average of the maximum and minimum temperature recorded between 0900 Local Standard Time the current day and 0900 Local Standard Time the following day for Tmax, and between 0900 Local Standard Time the previous day and 0900 Local Standard Time the current day for Tmin.

For each day, Heating-Degree-Days (HDD) is the greater of (1) zero, (2) 18 degrees Celsius minus the daily average temperature.

For each day, Cooling-Degree-Days (CDD) is the greater of (1) zero, (2) the daily average temperature minus 18 degrees Celsius.

##### 2. The CME Australian Degree Days Indexes and Listing Cities

Each particular CME Australian Index is the accumulation of like Degree Days over a calendar month. The accumulation period of each CME Australian CDD or 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.

The temperature for a particular city is reported from a specific automated weather station. The table below lists the cities and their corresponding weather stations.

Brisbane Airport (WMO 94578)

Melbourne Airport (WMO 94868)

Sydney Bankstown (WMO 94765)

#### 43902. ~~TRADING SPECIFICATIONS~~FUTURES CALL

##### 43902.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~~Board of Directors.

##### 43902.B. ~~Size of~~ Trading Unit

The size of the unit of trading shall be \$20 (Australian Dollars) times the respective CME Australian Degree Days Index.

##### 43902.C. Price Increments

The minimum price fluctuation of the respective CME Australian Degree Days Index futures shall be 1 index point and have a value of \$20 (Australian Dollars).

##### 43902.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. A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For position involving options on the respective CME Australian Degree Days Index futures, this rule is superseded by the option speculative position limit rule.~~

#### **43902.E. ~~[Reserved]~~ 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.~~

#### **43902.F. ~~[Reserved]~~ Exemptions**

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

#### **43902.G. Termination of Trading**

##### **~~FOR HDD CONTRACTS THROUGH OCTOBER 2011 AND FOR CDD CONTRACTS THROUGH APRIL 2012:~~**

~~Futures trading shall terminate at 9:00 A.M. Chicago time on the first Exchange business day that is at least five calendar days after the futures contract month.~~

##### **~~FOR HDD CONTRACTS BEGINNING APRIL 2012 AND FOR CDD CONTRACTS BEGINNING OCTOBER 2012:~~**

~~Futures trading shall terminate at 9:00 a.m. Chicago time on the fifth Exchange business day after the futures contract month.~~

#### **43902.H. ~~[Reserved]~~ Contract Modifications**

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CME Australian Degree Days Index futures 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 governmental orders.~~

#### **43902.I. ~~[Reserved]~~**

### **43903. SETTLEMENT PROCEDURES**

#### **43903.A. Final Settlement Price**

##### **~~FOR HDD CONTRACTS THROUGH OCTOBER 2011 AND FOR CDD CONTRACTS THROUGH APRIL 2012:~~**

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Australian Degree Days Index reported by Speedwell Weather Derivatives Limited for that city for that contract month, using the methodology in effect on that date, on the first Exchange business day that is at least five calendar days after the futures contract month. For example, on July 7, 2008, the~~

~~June 2008 futures contract on the CME Sydney Bankstown Australian Degree Days Index would have been settled at 129.20 Degrees Celsius.~~

~~**FOR HDD CONTRACTS BEGINNING APRIL 2012 AND FOR CDD CONTRACTS BEGINNING OCTOBER 2012:**~~

All futures contracts remaining open at the termination of trading shall be settled using the respective CME Australian Degree Days Index reported by Speedwell Weather Derivatives Limited for that city for that contract month, using the methodology in effect on that date, on the fifth Exchange ~~B~~usiness ~~D~~ay after the futures contract month. For example, on July 8 [7], 2008, the June 2008 futures contract on the CME Sydney Bankstown Australian Degree Days Index would have been settled at 129.20 Degrees Celsius.

**43903.B. Final Settlement**

Clearing members holding open positions in a CME Australian Degree Days 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.

**43904. [RESERVED]**

**43905.-06. [RESERVED]**

(End Chapter 439)

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 439**

**LIMITATION OF LIABILITY AND DISCLAIMER**

Speedwell Weather Derivatives Limited ("Speedwell") 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. Speedwell 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. Speedwell 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 Speedwell have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 439A

### Options on CME Australian Degree Days Index Futures

#### 43900. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME Australian Degree Days Index futures ~~contracts~~. ~~The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~ In addition to this chapter, options on CME Australian Degree Days 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.

#### 439A01. OPTION~~S~~ CHARACTERISTICS

##### 439A01. A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange~~Board of Directors.

##### 439A01. 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 respective CME Australian Degree Days Index futures contract as specified in Chapter 439.

##### 439A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CME Australian Degree Days Index. Each index point represents \$20 (Australian Dollars). For example, a quote of 2 index points represents \$40 (Australian Dollars). The minimum fluctuation shall be 1.0 index point (also known as one tick), equal to \$20 (Australian Dollars).

##### 439A01.D. [Reserved]

##### 439A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Australian Degree Days Index futures contract. Eligible exercise prices shall also be at intervals of 1 index point (e.g., 710, 711, 712, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 1 to 1700 index points for Degree Days months upon demand evidenced in the options pit. New options may be listed for trading up to and including the termination of trading.

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

##### 439A01.F. 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.

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in all contract months combined.~~

~~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.~~

#### **439A01.G. ~~[Reserved]~~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.~~

#### **439A01.H. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

#### **439A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

#### **439A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

### **439A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME Australian Degree Days options.

#### **439A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer only on the termination of ~~T~~trading ~~D~~day. To exercise an option the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of exercise.

An option that is in the money and has not been liquidated prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. ~~Chicago time~~ on the day of expiration by the clearing member representing the option buyer, be exercised automatically.

#### **439A02.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 ~~B~~business ~~D~~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 ~~T~~trading ~~D~~day of acceptance by the

Clearing House of the exercise notice.

**439A03. [RESERVED]**

### **INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 439A**

#### **CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

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

Speedwell Weather Derivatives Limited (“Speedwell”) 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. Speedwell 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. Speedwell 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 Speedwell have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 440

### CME Australian Seasonal Strip Degree Days Index Futures

#### 44000. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading on~~ CME Australian Seasonal Strip Degree Days Indexes ~~futures~~. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~ In addition to this chapter, CME Australian Seasonal Strip Degree Day 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.

#### 44001. ~~COMMODITY CONTRACT~~ SPECIFICATIONS

##### 1. Heating Degree Days and Cooling Degree Days

The daily average temperature is defined as the arithmetic average of the maximum and minimum temperature recorded between 0900 Local Standard Time the current day and 0900 Local Standard Time the following day for Tmax, and between 0900 Local Standard Time the previous day and 0900 Local Standard Time the current day for Tmin.

For each day, Heating-Degree-Days (HDD) is the greater of (1) zero, (2) 18 degrees Celsius minus the daily average temperature.

For each day, Cooling-Degree-Days (CDD) is the greater of (1) zero, (2) the daily average temperature minus 18 degrees Celsius.

##### 2. The CME Australian Seasonal Strip Degree Days Indexes and Listing Cities

Each particular CME Australian Seasonal Strip Degree Days index is the accumulation of like Degree Days over a minimum of two, and a maximum of seven, consecutive calendar months. For a seasonal strip involving Cooling Degree Days, the first calendar month in the strip may be October or later, and the last calendar month in the strip may be April or earlier. For a seasonal strip involving Heating Degree Days, the first calendar month in the strip may be April or later, and the last calendar month in the strip may be October or earlier. A separate futures contract shall be listed for each strip. The accumulation period of each CME Australian Seasonal Strip Degree Days 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 defined strip.

The temperature for a particular city is reported from a specific automated weather station. The table below lists the cities and their corresponding weather stations.

Brisbane Airport (WMO 94578)  
Melbourne Airport (WMO 94868)  
Sydney Bankstown (WMO 94765)

#### 44002. ~~TRADING SPECIFICATIONS~~FUTURES CALL

##### 44002.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~~Board of Directors.

##### 44002.B. ~~Size of~~ Trading Unit

The size of the unit of trading shall be \$20 (Australian Dollars) times the respective CME Australian Seasonal Strip Degree Days Index.

##### 44002.C. Price Increments

The minimum price fluctuation on the CME Australian Seasonal Strip Degree Days Index futures shall be 1 index point and have a value of \$20 (Australian Dollars).

#### **44002.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.~~

~~A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For position involving options on the respective CME Australian Seasonal Strip Degree Days Index futures, this rule is superseded by the option speculative position limit rule.~~

#### **44002.E. ~~[Reserved]~~ 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.~~

#### **44002.F. ~~[Reserved]~~ Exemptions**

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

#### **44002.G. Termination of Trading**

##### ~~**FOR HDD CONTRACTS THROUGH OCTOBER 2011 AND FOR CDD CONTRACTS THROUGH APRIL 2012:**~~

~~Futures trading shall terminate at 9:00 A.M. Chicago time on the first Exchange business day that is at least five calendar days after the last calendar day of the last month of the defined strip.~~

##### ~~**FOR HDD CONTRACTS BEGINNING APRIL 2012 AND FOR CDD CONTRACTS BEGINNING OCTOBER 2012:**~~

~~Futures trading shall terminate at 9:00 a.m.M. Chicago time on the fifth Exchange Bbusiness Dday after the last calendar day of the last month of the defined strip.~~

#### **44002.H. ~~[Reserved]~~ Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CME Australian Seasonal Strip Degree Days Index futures 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 governmental orders.~~

#### **44002.I. ~~[Reserved]~~**

### **44003. SETTLEMENT PROCEDURES**

#### **44003.A. Final Settlement Price**

##### ~~**FOR HDD CONTRACTS THROUGH OCTOBER 2011 AND FOR CDD CONTRACTS THROUGH APRIL 2012:**~~

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Australian Seasonal Strip Degree Days Index reported by Speedwell Weather Derivatives Limited for that city for that contract period, using the methodology in effect on that date, on the first Exchange~~

~~business day that is at least five calendar days after the last calendar day of the last month of the defined strip. For example, on October 6, 2008, the May 2008 - September 2008 futures contract on the CME Sydney Bankstown May - September '08 Australian Seasonal Strip Degree Days Index would have been settled at 789.42 Degrees Celsius.~~

~~**FOR HDD CONTRACTS BEGINNING APRIL 2012 AND FOR GDD CONTRACTS BEGINNING OCTOBER 2012:**~~

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Australian Seasonal Strip Degree Days Index reported by Speedwell Weather Derivatives Limited 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, 2008, the May 2008 - September 2008 futures contract on the CME Sydney Bankstown May - September '08 Australian Seasonal Strip Degree Days Index would have been settled at 789.42 Degrees Celsius.~~

**44003.B. Final Settlement**

Clearing members holding open positions in a CME Australian Seasonal Strip Degree Days 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.

**44004. [RESERVED]**

**44005.-06. [RESERVED]**

(End Chapter 440)

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 440**

**LIMITATION OF LIABILITY AND DISCLAIMER**

Speedwell Weather Derivatives Limited ("Speedwell") 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. Speedwell 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. Speedwell 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 Speedwell have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.



## Chapter 440A

### Options on CME Australian Seasonal Strip Degree Days Index Futures

#### 440A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME Australian Seasonal Strip Degree Days Index futures ~~contracts~~. ~~The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, options on CME Australian Seasonal Strip Degree Days 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.~~

#### 440A01. OPTIONS CHARACTERISTICS

##### 440A01. A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange Board of Directors~~.

##### 440A01. 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 respective CME Australian Seasonal Strip Degree Days Index futures contract as specified in Chapter 440.

##### 440A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CME Australian Seasonal Strip Degree Days Index. Each index point represents \$20 (Australian Dollars). For example, a quote of 2 index points represents \$40 (Australian Dollars). The minimum fluctuation shall be 1.0 index point (also known as one tick), equal to \$20 (Australian Dollars).

##### 440A01.D. [Reserved]

##### 440A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Australian Seasonal Strip Degree Days Index futures contract. Eligible exercise prices shall be at intervals of 1 CME Seasonal Strip Degree Days Index point (e.g., 4510, 4511, 4512, etc.).

At the commencement of options trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 1 to 8500 index points for a Seasonal Strip Degree Days upon demand evidenced in the options pit. New options may be listed for trading up to and including the termination of trading.

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

##### 440A01.F. 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.

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in all contract months combined.~~

~~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.~~

#### **440A01.G. ~~[Reserved]~~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.~~

#### **440A01.H. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

#### **440A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

#### **440A01.J. ~~[Reserved]~~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.~~

### **440A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME Australian Seasonal Strip Degree Days [Index](#) options.

#### **440A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer only on the termination of [T](#)trading [D](#)day. To exercise an option the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. [Chicago time](#) on the day of exercise.

An option that is in the money and has not been liquidated prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. [Chicago time](#) on the day of expiration by the clearing member representing the option buyer, be exercised automatically.

#### **440A02.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 [B](#)business [D](#)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 ~~T~~trading ~~D~~day of acceptance by the Clearing House of the exercise notice.

**440A03. [RESERVED]**

### INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 440A

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

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

#### LIMITATION OF LIABILITY AND DISCLAIMER

Speedwell Weather Derivatives Limited (“Speedwell”) 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. Speedwell 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. Speedwell 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 Speedwell have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 441 CME Rainfall Index Futures

### 44100. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading on~~ CME Rainfall Index ~~f~~Futures. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~ In addition to this chapter, CME Rainfall 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.

### 44101. ~~CONTRACT~~COMMODITY SPECIFICATIONS

Daily rainfall is defined as the total rainfall recorded at a particular location between midnight and 11:59 ~~p~~P.~~m~~M. as reported by MDA Information Systems, Inc.

Monthly rainfall is defined as the sum of daily rainfall values for a particular location for a calendar month. The accumulation period for each contract begins with the first calendar day of the contract month and ends with the last calendar day of the contract month.

The table below lists the cities and their corresponding weather stations:

#### **Listing Cities and Corresponding Weather Stations**

Chicago O'Hare International Airport (WBAN 94846)  
 Dallas-Fort Worth International Airport (WBAN 03927)  
 Des Moines International Airport (WBAN 14933)  
 Detroit Metro Airport (WBAN 94847)  
 Jacksonville International Airport (WBAN 13889)  
 Los Angeles Downtown USC Campus (WBAN 93134)  
 New York LaGuardia Airport (WBAN 14732)  
 Portland International Airport (WBAN 24229)  
 Raleigh/Durham International Airport (WBAN 13722)  
 Kansas City International Airport (WBAN 03947)

### 44102. ~~TRADING SPECIFICATIONS~~FUTURES CALL

#### 44102.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~~Board of Directors.

#### 44102.B. ~~Size of~~ Trading Unit

The size of the unit of trading shall be \$500 times the respective CME Rainfall Index.

#### 44102.C. Price Increments

The minimum price fluctuation on the respective CME Rainfall Index futures shall be 0.1 (one-tenth) index point and have a value of \$50. Each index point is equal to 1 inch of rainfall.

#### 44102.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.

A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For positions involving options on the respective CME Rainfall Index futures, this rule is superseded by the option speculative position limit rule.

#### 44102.E. ~~[Reserved]~~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.~~

**44102.F. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

**44102.G. Termination of Trading**

**~~FOR CONTRACTS THROUGH OCTOBER 2011:~~**

~~Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least two calendar days after the futures contract month.~~

**~~FOR CONTRACTS BEGINNING MARCH 2012:~~**

Futures trading shall terminate at 9:00 a.m. on the second Exchange Bbusiness Dday after the futures contract month.

**44102.H. ~~[Reserved]~~Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CME Rainfall Index futures 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 governmental orders.~~

**44102.I [Reserved]**

**44103. SETTLEMENT PROCEDURES**

**44103.A. Final Settlement Price**

**~~FOR CONTRACTS THROUGH OCTOBER 2011:~~**

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Rainfall Index reported by MDA Information Systems, Inc. for that city for that contract month, using the methodology in effect on that date, on the first Exchange business day that is at least two calendar days after the futures contract month. For example, on May 4, 2009 the April 2009 futures contract on the Raleigh/Durham CME Rainfall Index would have been settled at 1.69.~~

**~~FOR CONTRACTS BEGINNING MARCH 2012:~~**

All futures contracts remaining open at the termination of trading shall be settled using the respective CME Rainfall Index reported by MDA Information Systems, Inc. for that city for that contract month, using the methodology in effect on that date, on the second Exchange Bbusiness Dday after the futures contract month. For example, on May 4, 2009 the April 2009 futures contract on the Raleigh/Durham CME Rainfall Index would have been settled at 1.69.

**44103.B. Final Settlement**

Clearing members holding open positions in a CME Rainfall 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.

**44104. [RESERVED]**

**44105.-06. [RESERVED]**

**INTERPRETATIONS AND SPECIAL NOTICES  
RELATING TO CHAPTER 441**

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 441A

### Options on CME Rainfall Index Futures

#### 441A00. SCOPE OF CHAPTER

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

#### 441A01. OPTIONS CHARACTERISTICS

##### 441A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange Board of Directors~~.

##### 441A01.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 respective CME Rainfall Index futures contract as specified in Chapter 441.

##### 441A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CME Rainfall Index. Each index point represents \$500. For example, a quote of 2 index points represents \$1,000. The minimum fluctuation shall be 0.1 (one-tenth) index point (also known as one tick), equal to \$50.

##### 441A01.D. [Reserved]

##### 441A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Rainfall Index futures contract. Eligible exercise prices shall also be at intervals of 0.1 (one-tenth) index point (e.g., 1.0, 1.1, 1.2, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of 0.1 (one-tenth) index point in a range of 0 to 20 index points. New options may be listed for trading up to and including the termination of trading.

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

##### 441A01.F. 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.

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures equivalent contracts net on the same side of the market in all contract months combined.~~

~~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.~~

##### 441A01.G. [Reserved] 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.~~

**441A01.H. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

**441A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**441A01.J. ~~[Reserved]~~Contract Modifications**

~~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.~~

**441A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME Rainfall Index options.

**441A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer only on the termination of ~~T~~trading ~~D~~day. 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.

An option that is in the money and has not been liquidated 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.

**441A02.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 ~~B~~business ~~D~~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 ~~T~~trading ~~D~~day of acceptance by the Clearing House of the exercise notice.

**441A03. [RESERVED]**

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 441A**

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

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~



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

MDA Information Systems, Inc. (“MDA”, formerly “EarthSat”) 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 441B CME Rainfall Index Binary Contract

### 441B00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading of~~ binary contracts on the CME Rainfall Index. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, binary contracts on the CME Rainfall Index 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.~~

### 441B01. ~~CONTRACT~~COMMODITY SPECIFICATIONS

CME Rainfall Index values will be calculated by MDA Information Systems, Inc., using the locations and method described in Chapter 441.

### 441B02. ~~CONTRACT CALL~~ OPTIONS CHARACTERISTICS

#### 441B02.A. Trading Schedule

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

#### 441B02.B. Trading Unit

The unit of trading shall be \$10,000.

#### 441B02.C. Minimum Fluctuations

The price of a binary contract shall be quoted in terms of the respective CME Rainfall index. Each index point represents \$100. For example, a quote of 18.1 index points represents a price of \$1,810. The minimum fluctuation shall be 0.1 index point (also known as one tick), equal to \$10.

#### 441B02.D. [Reserved]

#### 441B02.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Rainfall Index. Eligible exercise prices shall be at intervals of 0.1 index point (e.g., 1.0, 1.1, 1.2, etc.).

At the commencement of trading in a contract, binary contracts shall be listed at intervals of 0.1 index point in a range of 0 to 20 index points. New binary contracts may be listed for trading up to and including the termination of trading.

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

#### 441B02.F. 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.~~

~~A person owning or controlling more than 10,000 binary contracts in any individual contract 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.~~

#### 441B02.G. ~~[Reserved]~~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.~~

#### 441B02.H. [Reserved]

**441B02.I. Termination of Trading****FOR CONTRACTS THROUGH OCTOBER 2011:**

~~Trading shall terminate on the same date and time as the underlying futures contract.~~

**FOR CONTRACTS BEGINNING MARCH 2012:**

Trading shall terminate at 9:00 a.m. on the second Exchange Bbusiness Dday after the futures contract month.

**441B02.J. ~~[Reserved]~~Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract except that all contracts 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 contracts shall be subject to such governmental orders.~~

**441B02.K. [Reserved]****441B03. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CME Rainfall Index binary contracts.

**441B03.A. Exercise of Binary Contract by Buyer**

A binary contract may be exercised by the buyer on any Bbusiness Dday that the contract is traded. Exercise of a binary contract is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

A binary contract that is in the money (i.e., the respective CME Rainfall Index is equal to or greater than the exercise price) and has not been liquidated 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 buyer, be exercised automatically.

**441B03.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 Bbusiness Dday.

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

For example, on May 4, 2009, the Raleigh/Durham ~~Binary~~ April 2009 binary contract would have been settled at 1.69 index points. Therefore, buyers of such binary contracts with exercise prices equal to or less than 1.6 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 1.7 or greater would have received nothing.

**441B03.C. Final Settlement**

All binary contracts remaining open at the termination of trading shall be settled using the respective Rainfall Index final value reported by MDA Information Systems, Inc. using the methodology in effect on that date.

Clearing members holding open positions in a CME Rainfall Index binary contract that is in the money 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. All such positions shall be settled at a price of 100 index points, equal to \$10,000, and shall be marked to market in accordance with Rule 814 on the Ttrading Dday of acceptance by the Clearing House of the exercise notice.

**441B04. [RESERVED]****441B05.-06. [RESERVED]**

(End Chapter 441B)

## **INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 441B**

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

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 442

### CME Seasonal Strip Rainfall Index Futures

#### 44200. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading on~~ CME Seasonal Strip Rainfall Index ~~f~~Futures. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, CME Seasonal Strip Rainfall 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.

#### 44201. ~~COMMODITY CONTRACT SPECIFICATIONS~~

Daily Rainfall is defined as the total Rainfall recorded at a particular location between midnight and 11:59 ~~p~~P.~~m~~M. as reported by MDA Information Systems, Inc.

Each particular CME Seasonal Strip Rainfall Index is defined as the accumulation of like rainfall values over a minimum of two, and a maximum of eight, consecutive calendar months. The first calendar month in the strip may be March or later, and the last calendar month in the strip may be October or earlier. The accumulation period for each strip contract begins with the first calendar day of the contract month of the strip and ends with the last calendar day of the last month of the defined strip.

The table below lists the cities and their corresponding weather stations:

##### **Listing Cities and Corresponding Weather Stations**

Chicago O'Hare International Airport (WBAN 94846)  
Dallas-Fort Worth International Airport (WBAN 03927)  
Des Moines International Airport (WBAN 14933)  
Detroit Metro Airport (WBAN 94847)  
Jacksonville International Airport (WBAN 13889)  
Los Angeles Downtown USC Campus (WBAN 93134)  
New York LaGuardia Airport (WBAN 14732)  
Portland International Airport (WBAN 24229)  
Raleigh/Durham International Airport (WBAN 13722)  
Kansas City International Airport (WBAN 03947)

#### 44202. ~~TRADING SPECIFICATIONS~~FUTURES CALL

##### 44202.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 Board of Directors~~.

##### 44202.B. ~~Size of Trading Unit~~

The size of the unit of trading shall be \$500 times the respective CME Seasonal Strip Rainfall Index.

##### 44202.C. Price Increments

The minimum price fluctuation on the respective CME Seasonal Strip Rainfall Index futures shall be 0.1 (one-tenth) index point and have a value of \$50. Each index point is equal to 1 inch of Rainfall.

##### 44202.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.

~~A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For positions involving options on the respective CME Seasonal Strip Rainfall Index futures, this rule is superseded by the option speculative position limit rule.~~

**44202.E. ~~[Reserved]~~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.~~

**44202.F. ~~[Reserved]~~Exemptions**

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

**44202.G. Termination of Trading**

**~~FOR CONTRACTS THROUGH OCTOBER 2011:~~**

~~Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least two calendar days after the futures contract month.~~

**~~FOR CONTRACTS BEGINNING MARCH 2012:~~**

~~Futures trading shall terminate at 9:00 a.m. on the second Exchange ~~B~~business ~~D~~day after the last calendar day of the last month of the defined strip.~~

**44202.H. ~~[Reserved]~~Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract, except that all contracts must conform to government regulations in force at the time of final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CME Seasonal Strip Rainfall Index futures 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 governmental orders.~~

**44202.I [Reserved]**

**44203. SETTLEMENT PROCEDURES**

**44203.A. Final Settlement Price**

**~~FOR CONTRACTS THROUGH OCTOBER 2011:~~**

~~All futures contracts remaining open at the termination of trading shall be settled using the respective CME Seasonal Strip Rainfall Index reported by MDA Information Systems, Inc. for that city for that contract period, using the methodology in effect on that date, on the first Exchange business day that is at least two calendar days after the last calendar day of the last month of the defined strip. For example, on October 2, 2009, the May 2009 – September 2009 futures contract on the Raleigh/Durham CME Seasonal Strip Rainfall Index would have been settled at 13.63.~~

**~~FOR CONTRACTS BEGINNING MARCH 2012:~~**

All futures contracts remaining open at the termination of trading shall be settled using the respective CME Seasonal Strip Rainfall Index reported by MDA Information Systems, Inc. for that city for that contract period, using the methodology in effect on that date, on the second Exchange ~~B~~business ~~D~~day after the last calendar day of the last month of the defined strip. For example, on October 2, 2009, the May 2009 – September 2009 futures contract on the Raleigh/Durham CME Seasonal Strip Rainfall Index would have been settled at 13.63.

**44203.B. Final Settlement**

Clearing members holding open positions in a CME Seasonal Strip Rainfall 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.

**44204. [RESERVED]**

**44205.-06. [RESERVED]**

## **INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 442**

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

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 442A

### Options on CME Seasonal Strip Rainfall Index Futures

#### 442A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME Seasonal Strip Rainfall Index futures ~~contracts. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, options on CME Seasonal Strip Rainfall 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.~~

#### 442A01. OPTIONS CHARACTERISTICS

##### 442A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Exchange Board of Directors.~~

##### 442A01.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 respective CME Seasonal Strip Rainfall Index futures contract as specified in Chapter 442.

##### 442A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CME Seasonal Strip Rainfall Index. Each index point represents \$500. For example, a quote of 2 index points represents \$1,000. The minimum fluctuation shall be 0.1 (one-tenth) index point (also known as one tick), equal to \$50.

##### 442A01.D. [Reserved]

##### 442A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Seasonal Strip Rainfall Index futures contract. Eligible exercise prices shall also be at intervals of 0.1 (one-tenth) index point (e.g., 1.0, 1.1, 1.2, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of 0.1 (one-tenth) index point in a range of 0 to 60 index points. New options may be listed for trading up to and including the termination of trading.

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

##### 442A01.F. 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.~~

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 40,000 futures equivalent contracts net on the same side of the market in all contract months combined.~~

~~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.~~

##### 442A01.G. [Reserved] 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.~~

**442A01.H. [Reserved]Exemptions**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

**442A01.I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

**442A01.J. [Reserved]Contract Modifications**

~~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.~~

**442A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME Seasonal Strip Rainfall Index options.

**442A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer only on the termination of Ttrading Dday. 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.

An option that is in the money and has not been liquidated 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.

**442A02.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 Bbusiness Dday.

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 Ttrading Dday of acceptance by the Clearing House of the exercise notice.

**442A03. [RESERVED]**

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 442A**

**CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

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

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures 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 options rule.~~

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") 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. MDA 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. MDA 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 MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 442B

### CME Seasonal Strip Rainfall Index Binary Contract

#### 442B00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading of~~ binary contracts on the CME Seasonal Strip Rainfall Index. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, binary contracts on the CME Seasonal Strip Rainfall Index 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.~~

#### 442B01. ~~CONTRACT~~COMMODITY SPECIFICATIONS

CME Seasonal Strip Rainfall Index values will be calculated by MDA Information Systems, Inc., using the locations and methods described in Chapter 442.

#### 442B02. ~~CONTRACT CALL~~ OPTIONS CHARACTERISTICS

##### 442B02.A. Trading Schedule

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

##### 442B02.B. Trading Unit

The unit of trading shall be \$10,000.

##### 442B02.C. Minimum Fluctuations

The price of a binary contract shall be quoted in terms of the respective CME Seasonal Strip Rainfall index. Each index point represents \$100. For example, a quote of 18.1 index points represents a price of \$1,810. The minimum fluctuation shall be 0.1 index point (also known as one tick), equal to \$10.

##### 442B02.D. [Reserved]

##### 442B02.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Seasonal Strip Rainfall Index. Eligible exercise prices shall be at intervals of 0.1 index point (e.g., 1.0, 1.1, 1.2, etc.).

At the commencement of trading in a contract, binary contracts shall be listed at intervals of 5 index points in a range of 1 to 60 index points. New binary contracts may be listed for trading up to and including the termination of trading.

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

##### 442B02.F. ~~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.~~

~~A person owning or controlling more than 10,000 binary contracts in any individual contract 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.~~

##### 442B02.G. ~~[Reserved] 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.~~

##### 442B02.H. [Reserved]

**442B02.I. Termination of Trading****FOR CONTRACTS THROUGH OCTOBER 2011:**

~~Trading shall terminate on the same date and time as the underlying futures contract.~~

**FOR CONTRACTS BEGINNING MARCH 2012:**

Trading shall terminate at 9:00 a.m. on the second Exchange ~~B~~business ~~D~~day after the last calendar day of the last month of the defined strip.

**442B02.J. ~~[Reserved]~~Contract Modification**

~~Specifications shall be fixed as of the first day of trading of a contract except that all contracts 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 contracts shall be subject to such governmental orders.~~

**442B02.K. [Reserved]****442B03. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CME Seasonal Strip Rainfall Index binary contracts.

**442B03.A. Exercise of Binary Contract by Buyer**

A binary contract may be exercised by the buyer on any ~~B~~business ~~D~~day that the contract is traded. Exercise of a binary contract is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

A binary contract that is in the money (i.e., the respective Seasonal Strip Rainfall Index is equal to or greater than the exercise price) and has not been liquidated 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 buyer, be exercised automatically.

**442B03.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 ~~B~~business ~~D~~day.

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

For example, on October 2, 2009, the Raleigh/Durham ~~Binary~~ May 2009 – September 2009 binary contract would have been settled at 13.63 index points. Therefore, buyers of such binary contracts with exercise prices equal to or less than 13.6 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 13.7 or greater would have received nothing.

**442B03.C. Final Settlement**

All binary contracts remaining open at the termination of trading shall be settled using the respective Seasonal Strip Rainfall Index final value reported by MDA Information Systems, Inc. using the methodology in effect on that date.

Clearing members holding open positions in a Seasonal Strip Rainfall Index binary contract that is in the money 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. All such positions shall be settled at a price of 100 index points, equal to \$10,000, and shall be marked to market in accordance with Rule 814 on the ~~T~~trading ~~D~~day of acceptance by the Clearing House of the exercise notice.

**442B04. [RESERVED]**

**442B05.-06. [RESERVED]**

## **INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 442B**

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

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