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OFFICE OF THE SECRETARIAT

November 6, 2008

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

RE: Section 5c(c)(1), Rules 40.2 and 40.6(a) – Exchange Certification for Rule Amendments Enabling the Listing of European-Style Australian Dollar Options on Futures Contracts. CME Submission 08-173.

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby certifies with the Commission the listing for trading of CME Group European-style Australian dollar options on futures contracts. The Exchange certifies that these rule amendments to the Exchange's existing options on Australian dollar futures contract comply with the Commodity Exchange Act and the rules thereunder. CME Group will list these options contracts for trading on the CME Globex® electronic trading system and the open outcry trading floor. CME Group European-style Australian dollar options on futures will expand the current European-style FX options product line from five to six options contracts.

Trading will be initiated on Sunday, December 21, 2008, at 3:00 p.m. (1) on CME Globex for the trade date of Monday, December 22, 2008, and (2) on the open outcry trading floor on Monday, December 22, 2008. The first weekly European-style Australian dollar options contract will expire on Friday, December 26, 2008. The first serial month European-style Australian dollar options on futures contract month expiration will be January 2009, on Friday, January 9, 2009. The first March quarterly cycle European-style Australian dollar options on futures contract month expiration will be March 2009, on Friday, March 6, 2009.

1. Trading Hours

CME Group European-style Australian dollar options on futures will be traded on the CME Globex electronic trading system as follows:

Sundays: 3:00 p.m. – 4:00 p.m. Central Time (CT) next day.

Monday - Friday: 5:00 p.m. - 4:00 p.m. CT the next day, except on Friday, when CME Globex® platform closes at 4:00 p.m. & reopens Sunday at 3:00 p.m. CT.

CME Group European-style Australian dollar options on futures will be traded on the CME Group open outcry trading floor as follows:

Monday through Friday: 7:20 a.m.-2:00 p.m. (CT); occurs side-by-side with CME Globex trading.

2. Initial Contract Months Listed for the Trading Date of Monday, December 22, 2008

Options: Week 4 – 12/26/08, Week 1 – 1/2/09, Jan. 2009, Week 3 – 1/16/09, Week 4 – 1/23/09, Feb. 2009, Mar. 2009, Jun. 2009, Sep. 2009, Dec. 2009

3. Listing Procedures for Adding New Contract Listings

CME Group European-Style Options on Australian Dollar Futures Contract Listing Procedures			
	Options Type	Series	Termination Date
Initial Options	Weekly	12/26/08 – Week 4	12/26/08
	Weekly	1/2/09 – Week 1	1/2/09
	Serial	January 2009	1/9/09
	Weekly	1/16/09 – Week 3	1/16/09
	Weekly	1/23/09 – Week 4	1/23/09
	Serial	February 2009	2/6/09
	March Quarterly	March 2009	3/6/09
	March Quarterly	June 2009	6/5/09
	March Quarterly	September 2009	9/4/09
	March Quarterly	December 2009	12/4/09
New Options Added for Trading on Day Following Termination of Nearby Series.	Weekly	1/30/09 - Week 5 (listed on 12/28/08, the trading day following the "12/26/08" weekly option termination date)	1/30/09
	Weekly	2/13/09 – Week 2 (listed on 1/4/09)	2/13/09
	Serial	April 2009 (listed on 1/11/09)	4/3/09
	Weekly	2/20/09 – Week 3 (listed on 1/18/09)	2/20/09
	Weekly	2/27/09 – Week 4 (listed on 1/25/09)	2/27/09
	Weekly	3/13/09 –Week 2 (listed on 2/1/09)	3/13/09
	Serial	May 2009 (listed on 2/8/09)	5/8/09
	Weekly	3/20/09 – Week 3 (listed on 2/15/09)	3/20/09
	Weekly	3/27/09 –Week 4 (listed on 2/22/09)	3/27/09
	Weekly	4/10/09 – Week 2 (listed on 3/1/09)	4/10/09
	March Quarterly	March 2010 (listed on 3/8/09)	3/5/10
	Weekly	4/17/09 – Week 3 (listed on 3/15/09)	4/17/09
	Weekly, etc.	4/24/09 – Week 4 (listed on 3/22/09)	4/24/09

4. Contract Specifications

Appendix 1 provides a contract specifications summary sheet for the European-style Australian dollar options on futures contracts. Under separate cover in CME Submission 08-172, dated Thursday, November 6, 2008, CME Group certified rule amendments to standardize

its FX fixing prices by adopting the current 2:00 PM nearby futures CME FX fixing price / settlement price procedures for the 9:00 AM FX fixing prices. Appendix 2 is a brief summary of the newly amended 9:00 a.m. CME currency fixing price procedures which determine whether a terminated European-style FX option is in the money and exercised, or at- and out-of-the-money and abandoned at expiration. Appendix 3 contains the detailed CME Group Chapter 255A – Options on Australian Dollar Futures contract terms amendments that are analogous to the existing European-style CME Group FX options contracts with additions underlined and deletions bracketed and lined out. Appendix 4 is a clean copy of the approved rule amendments.

European-Style Australian Dollar Options on Futures Contract's Highlights:

- Contracts Size: One underlying Australian Dollar futures contract (= 100,000 AUD)
- Interbank Quotations: USD/AUD: Minimum tick = 0.0001 USD/AUD (=10 USD)
- Settlement Variation & Performance Bonds: U.S. dollars (USD)
- Termination of Serial and Monthly Options Trading: At 9:00 a.m. Central Time (10:00 a.m. Eastern Time) on the second Friday preceding the 3rd Wednesday of contract month
- Termination of Weekly Options Trading: At 9:00 a.m. Eastern Time) on those Fridays that are also not expirations for either serial or monthly options.
- European-Style Exercise: All in-the-money European-style exercise Australian dollar options contracts still open as of the termination of trading will be exercised on the expiration day.
- All-Or-None (AON) Eligible: 20 contract minimum; 10% of order counterparty minimum.
- Block Trade Eligible: 250 contract minimum.
- Volatility Quoting Eligible: outright, weeklies and spreads (straddles, strangles, verticals)
- Reportable Positions: 25 contracts

As noted previously, under separate cover, CME Group has submitted exchange certification rule amendments to the Commission providing for a standardization of its FX fixing price procedures by adopting the preferred 2:00 PM FX fixing price / settlement price methodology for the 9:00 AM FX fixings for the European-style FX options. The principal difference between the two procedures lies in the length of the interval over which the VWAP is calculated (see Appendix 2 for details for new 9:00 AM FX fixing prices). The 2:00 PM FX fixing / settlement prices are sampled over a 30-second interval. The 9:00 AM FX Fixings are calculated over a 2-minute interval. As long as the underlying futures markets are liquid and deep enough to dissuade manipulation, market participants prefer fixing prices determined as close to the hour as practicable. In CME Submission #08-172, CME Group justifies the procedures for determining the CME currency fixing prices at 9:00 a.m. Central Time, including European-style Australian dollar options on futures. Also, CME Group believes that adding

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Euro-style exercise AD options is very likely to result in increased futures trading in the 30-second interval prior to the 9:00 AM expiry, and thus further improve the reliability of the VWAP calculation in this currency.

Members/shareholders will be notified of these new contracts and the associated rule amendments in CME Group Special Executive Report, S-4786, dated Monday, November 10, 2008.

CME certifies that these changes comply with the Commodity Exchange Act and regulations thereunder.

If you require any additional information regarding this action, please do not hesitate to contact Steve Youngren, at 312-930-4583 or via e-mail at Steve.Youngren@cmegroup.com or me at (312) 648-5422. Please reference our CME Submission #08-173 in any related correspondence.

Sincerely,

/s/ Stephen M. Szarmack
Director and Associate General Counsel

Appendix 1. CME GROUP AUSTRALIAN DOLLAR EUROPEAN-STYLE OPTIONS ON FUTURES*	
Trading Unit (underlying)	One Australian dollar futures contract
Ticker Symbols	CME Globex [®] (Quarterly/Serial): XAD Volatility Quoted - Outrights: VXA Open Outcry (Quarterly/Serial): XA - Weeklies: VAA-VAE Open Outcry (Weekly): AD1-AD5 CME Globex (Weekly): XA1-XA5 AON: AAD 9:00 AM FX Fixing Price: ZYA
Minimum Tick Size	\$.0001 per Australian dollar (equal to \$10.00). \$.00005 per Australian dollar (\$.00) for option prices of \$.00045 or less.
Regular Strike Prices	\$.005, e.g., \$.820, \$.825, \$.830, etc.
Initial Strikes Listed	At-the-money strike plus 24 higher and 24 lower (+/- 24 on CME Globex)
Position Accountability	A person owning/controlling a combination of options and underlying futures contracts that exceed 6,000 futures-equivalent contracts net on the same side of the market in all contract months combined shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position.
Price Limits / CME Globex Banding	Trading halted when underlying futures is locked limit (currently, no underlying futures limits). Options price banding on CME Globex is a fixed width based on the delta of the option. For delta levels " ≤ 0.10 ," price band=6 ticks; delta levels of " > 0.10 and ≤ 0.25 ," price band=12 ticks; delta levels " > 0.25 and ≤ 1.00 ," price band = 20 ticks.
Expiration Months	Four option contract months in the March Quarterly Cycle (Mar, Jun, Sep, Dec), and two option contract months not in the March Quarterly Cycle, that is, serial months (Jan, Feb, Apr, May, Jul, Aug, Oct, Nov), plus four weekly expirations will trade on CME Globex and the trading floor.
Expiration Day	Quarterly & Serial (Monthly) Options: Options expire on the second Friday immediately preceding the third Wednesday of the contract month usually at 9:00 a.m. (Chicago time) Weeklies: Options expire usually at 9:00 a.m. (Chicago time) on Fridays not also an expiration for quarterly and serial (monthly) options
Termination of Trading	<u>Quarterly & Serial (Monthly) Options:</u> Floor trading terminates at the normal Regular Trading Hours (RTH) closing time (usually 2:00 p.m. Chicago time) on the business day preceding the expiration of the contract month. CME Globex platform trading terminates at 9:00 a.m. (Chicago time) on the expiration day. <u>Weeklies:</u> Floor trading terminates at the normal RTH closing time (usually 2:00 p.m. Chicago time) on those business days preceding expiration of the weekly options that are not the termination of a quarterly or serial European-style option. CME Globex platform trading terminates at 9:00 a.m. (Chicago time) on the expiration day.
Delivery	Exercises into a physical delivery futures contract
Exercise	European-style: All in-the-money options are automatically exercised at expiration. All European-style at-the-money and out-of-the-money options are abandoned by the Clearing House on the option expiration day. To determine whether an option is in or out of the money on this day, the Exchange calculates a "CME currency fixing price" from CME Globex-traded underlying futures contracts at 9:00 a.m. (Chicago time) on the European-style option expiration day.
Trading Hours Open Outcry	<u>Monday through Friday:</u> 7:20 a.m.-2:00 p.m. (Chicago time); occurs side-by-side with CME Globex trading.
CME Globex	<u>Sundays:</u> 3:00 p.m. – 4:00 p.m. Central Time (CT) next day. <u>Monday - Friday:</u> 5:00 p.m. - 4:00 p.m. CT the next day, except on Friday, when CME Globex [®] platform closes at 4:00 p.m. & reopens Sunday at 3:00 p.m. CT

*All contract terms specified here are the same as for American-style options except for the termination of trading day and the exercise.

Appendix 2

New 9:00 AM FX Fixing Price Procedures Summarized

1. "CME currency fixing price" calculation interval is 30 seconds (8:59:30 to 8:59:59)
2. Tier 1: Volume-Weighted Average Price (VWAP) of underlying futures contract traded on CME Globex is calculated and disseminated on a real time basis during the 30-second interval ending at 9:00 AM. However, if less than three trades by the end of the interval, then go to Tier 2 for the CME Globex bid/ask data (therefore, for 2, 1 or zero trades in 30 second calculation interval, then Tier 2 applies).
3. Tier 2: Calculate the midpoint of the bid/ask spread during the 30 seconds on a real time basis. Sample at least once per second (minimum of 30 observations). CME FX fixing price is the average of the midpoints. For liquid contracts, most of the time fixing prices will be determined via the Tier 1 procedures. If no bid/ask spreads are available during the 30-second interval, then Tier 3 applies.
4. Tier 3: Use over-the-counter (OTC) vendor contributed spot rates and forward points to calculate synthetic futures "CME currency fixing prices." If there are no sales or bid and ask prices during the 30-second interval preceding 9:00 AM at the expiration of a European-style FX option contract, then Exchange staff will derive the CME currency fixing price as a synthetic futures price from quote vendor spot rates and appropriate maturity forward points. The price will be displayed on Merquote and the CME Website.

Appendix 3

Approved Rule Amendments for European-Style options on Australian Dollar Futures (includes rule amendments to Migrate Current 2:00 PM CME FX Fixing Price / Settlement Price Procedures to the 9:00 AM FX Fixing Price Procedures).

Chapter 255A Options on Australian Dollar Futures

Rules 255A00 through 255A01.G. are unchanged.

255A01.H. Termination of Trading for American-Style Exercise Options¹

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

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

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

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

255A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Australian dollar futures. Both American-style and European-style exercise options on currency futures are available for trading.

255A03.A.1. Exercise of American-Style Options by Buyer³

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

All Australian dollar options that are in the money⁴ and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

255A03.A.2. Exercise of European-Style Exercise Options

All in-the-money options are automatically exercised by the Clearing House on the day of expiration for the option. All out-of-the-money options are abandoned by the Clearing House on the day of expiration for the option. To determine whether an option is in or out of the money on this day, the Exchange shall calculate the relevant "CME currency fixing price" from GLOBEX-traded underlying futures contracts as follows:

Tier 1 Take the 30-second average of sale (trade) prices, weighted by volume, from 8:59:30 to 8:59:59 a.m. Central time on the day of determination of the CME currency fixing price.

Tier 2 If less than three or no sales (trades) occurred during the 30-second interval noted above, take the midpoint of each bid & ask spread where available and average the resulting midpoints over the 30-second interval.

Tier 3 If no sales (trades) and no bid and ask prices occurred during the 30-second interval, then Exchange staff shall derive the CME currency fixing price (as a synthetic futures price) from quote vendor spot rates and appropriate maturity forward points.

The calculation of the CME currency fixing price at Tiers 1 to 3 shall be rounded to each contract's Price Increment's definition. For example, for Euro with a Price Increment of \$0.0001 per Euro, the CME currency fixing price shall be rounded to the nearest \$0.0001 per Euro (with \$0.00005 and above rounded up to \$0.0001, and \$0.00004 and below rounded down to \$0.0000).

An option is in the money if the CME currency fixing price of the underlying futures contract lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put. For example, if the CME currency fixing price were 1.3051 or higher, then 1.3050 Calls shall be exercised. If the CME currency fixing price for Euro were 1.3050 or lower, then 1.3050 calls shall be abandoned. Similarly, if the CME currency fixing price were 1.3049 or lower, then 1.3050 Puts shall be exercised. If the CME currency fixing price for Euro were 1.3050 or higher, then 1.3050 Puts shall be abandoned.

Appendix 4

Clean Copy of the Approved Rule Amendments for European-Style options on Australian Dollar Futures

**Chapter 255A
Options on Australian Dollar Futures**

Rules 255A00 through 255A01.G. are unchanged.

255A01.H. Termination of Trading for American-Style Exercise Options⁵

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

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

⁴ An option is in the money if the settlement price of the underlying futures contract at termination lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

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

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

3. Weekly Options

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

255A01.I. Termination of Trading and Expiration Days for European-Style Exercise Options

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

The options expire on the second Friday immediately preceding the third Wednesday of the contract month (usually at 9:00 a.m. Central time). If the foregoing date for expiration is a scheduled Exchange holiday, option expiration shall occur at the same time on the immediately preceding business day. Trading in monthly options in the March quarterly cycle (i.e., March, June, September and December) on the trading floor shall terminate at the close of trading (usually 2:00 p.m. Central time) on the business day immediately preceding the expiration of the contract month. Trading in monthly options in the March quarterly cycle (i.e., March, June, September and December) on the CME Globex[®] platform shall terminate at 9:00 a.m. Central Time on the contract month expiration day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

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

The options expire on the second Friday immediately preceding the third Wednesday of the contract month (usually at 9:00 a.m. Central time). If the foregoing date for expiration is a scheduled Exchange holiday, options expiration shall occur at the same time on the immediately preceding business day. Trading in monthly options not in the March quarterly cycle (i.e., January, February, April, May, July, August, October and November) on the trading floor shall terminate at the close of trading (usually 2:00 p.m. Central time) on the business day immediately preceding the expiration of the contract month. Trading in monthly options not in the March quarterly cycle (i.e., January, February, April, May, July, August, October and November) on the CME Globex platform shall terminate at 9:00 a.m. Central time on the contract month expiration day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

3. Weekly Options

The options expire (usually at 9:00 a.m. Central time) on those Fridays that are also not expirations for either monthly options in the March quarterly cycle or monthly options not in the March quarterly cycle. If the foregoing date for expiration is a scheduled Exchange holiday, option expiration shall occur at the same time on the immediately preceding business day. Trading in weekly options on the trading floor shall terminate at the close of trading (usually 2:00 p.m. Central time) on those business days immediately preceding the expiration of the weekly option that are not also the termination of trading of a monthly option as described in the preceding sections 1 and 2. Trading in weekly options on the CME Globex platform shall terminate at 9:00 a.m. Central time on the contract month expiration days that are not also the contract month expiration days of a monthly option as described in the preceding sections 1 and 2. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

255A01.J. 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.

255A01.K. Exercise Prices⁶

Regular exercise prices shall be stated in terms of U.S. dollars per Australian dollar at intervals of \$.005, e.g., \$.705, \$.710, \$.715, etc.

Rule 255A02 is unchanged.

255A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Australian dollar futures. Both American-style and European-style exercise options on currency futures are available for trading.

255A03.A.1. Exercise of American-Style Options by Buyer⁷

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

All Australian dollar options that are in the money⁸ and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically.

255A03.A.2. Exercise of European-Style Exercise Options

All in-the-money options are automatically exercised by the Clearing House on the day of expiration for the option. All out-of-the-money options are abandoned by the Clearing House on the day of expiration for the option. To determine whether an option is in or out of the money on this day, the Exchange shall calculate the relevant "CME currency fixing price" from GLOBEX-traded underlying futures contracts as follows:

- Tier 1 Take the 30-second average of sale (trade) prices, weighted by volume, from 8:59:30 to 8:59:59 a.m. Central time on the day of determination of the CME currency fixing price.
- Tier 2 If less than three or no sales (trades) occurred during the 30-second interval noted above, take the midpoint of each bid & ask spread where available and average the resulting midpoints over the 30-second interval.
- Tier 3 If no sales (trades) and no bid and ask prices occurred during the 30-second interval, then Exchange staff shall derive the CME currency fixing price (as a synthetic futures price) from quote vendor spot rates and appropriate maturity forward points.

The calculation of the CME currency fixing price at Tiers 1 to 3 shall be rounded to each contract's Price Increment's definition. For example, for Euro with a Price Increment of \$0.0001 per Euro, the CME currency fixing price shall be rounded to the nearest \$0.0001 per Euro (with \$0.00005 and above rounded up to \$0.0001, and \$0.00004 and below rounded down to \$0.0000).

An option is in the money if the CME currency fixing price of the underlying futures contract lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put. For example, if the CME currency fixing price were 1.3051 or higher, then 1.3050 Calls shall be exercised. If the CME currency fixing price for Euro were 1.3050 or lower, then 1.3050 calls shall be abandoned. Similarly, if the CME currency fixing price were 1.3049 or lower, then 1.3050 Puts shall be exercised. If the CME currency fixing price for Euro were 1.3050 or higher, then 1.3050 Puts shall be abandoned.

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