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U.S. COMMODITY FUTURES TRADING COMMISSION

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December 15, 1998

COMMODITY FUTURES
TRADING COMMISSION
RECEIVED FOR
PUBLIC RECORD
DEC 15 2 01 PM '98

Mr. Richard J. McDonald
Senior Vice President, Research
And Chief Economist
Chicago Mercantile Exchange
30 South Wacker Drive
Chicago, Illinois 60606

Re: Application of the Chicago Mercantile Exchange for designation as a contract market in the Standard & Poor's REIT Composite Index futures contract and options on that futures contract. CME Submission 98-147.

Dear Mr. McDonald:

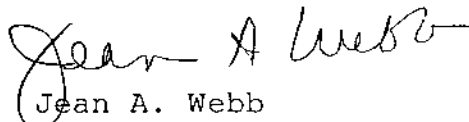
By correspondence dated August 27, 1998 through November 17, 1998, the Chicago Mercantile Exchange (CME) applied pursuant to Sections 4c and 6 of the Commodity Exchange Act (Act), 7 U.S.C. §§ 6c and 8, and Commission Regulation § 33.5, 17 C.F.R. § 33.5, for designation as a contract market in the Standard & Poor's REIT Composite Index futures and option contracts.

The Commission has reviewed the materials submitted by the CME and has designated the CME as a contract market in the Standard & Poor's REIT Composite Index futures contract and options on that futures contract pursuant to Sections 4c and 5 of the Act, 7 U.S.C. §§ 6c and 7.

Concurrent with designation, the Commission approved, pursuant to Section 5a(a)(12) of the Act, 7 U.S.C. § 7a(a)(12), proposed rules XX00, XX01, XX02, XX03, and XX04 with respect to the futures contract and proposed rules YY00, YY01, YY02, YY03, YY30, YY31, YY32, YY33, YY34, YY35, YY36, YY37, YY38, and "Clarification of New Non-Agricultural Option Speculative Position Limit Rule" with respect to the options on that futures contract.

Additionally, please be advised that the request for authority to trade the proposed contracts through Globex also is hereby approved. Further, the Commission is notifying the CME of the establishment, for the proposed contracts, of standards under the expedited procedures of Commission Regulation 1.41(n) regarding Globex trading month cycles and strike price listing procedures, update times for the Reference Regular Trading Hours Price, and for changes to the re-opening procedures following option trading halts. These standards, which apply to all contracts approved for trading through Globex, are contained in the enclosure for your convenience.

Sincerely,

A handwritten signature in cursive script, reading "Jean A. Webb". The signature is written in dark ink and is positioned above the printed name.

Jean A. Webb
Secretary of the Commission

[March 5, 1996]

ENCLOSURE

Regulation 1.41(n) Standards for Certain Procedures Related to
Globex Trading

Listing Provisions: Regarding Rule 1.41(n) expedited approval of initial determinations and changes to futures or option trading months and option strike price listing provisions for trading outright futures, options, or combinations through Globex quoted on a price, premium, or volatility basis, the Commission establishes the following standards:

1. Regarding an initial determination to list (or to establish a cycle of) contract months for trading through Globex and subsequent determinations to increase the number (or expand the cycle) of contract months listed for trading through Globex, each such contract month must be listed for trading during Regular Trading Hours (RTH). Further, regarding option contracts, the strike price listing procedures must be automatic and must ensure that each such strike price must be listed for trading during RTH. Determinations consistent with these standards would be deemed approved upon adoption by the Exchange provided the Exchange gives the Commission written notice of such changes within 5 business days of the effective date.
2. Regarding a determination to delist a futures or option contract month or option strike price listed for trading through Globex or to decrease the number of contract months in the listing cycle or the range of strike prices, the Exchange must provide the membership with 10 days advance notice prior to the effective date of the change. Determinations consistent with this standard would be deemed approved 10 days after notice is provided to the membership, provided written notice of such a change is received by the Commission at least 5 days prior to the effective date.

The Commission will, within ten days after receipt by the Commission of a CME notice of such change submitted pursuant to Rule 1.41(n), notify the CME if it appears that the change is not consistent with the standards established by the Commission. Upon such notification to the CME, the change will be subject to the usual procedures under Section 5a(a)(12) of the Act and Commission Regulation 1.41(b).

The Commission notes that the first determination by the CME to list an option contract for volatility-quoted trading through

Globex in outright transactions must be submitted to the Commission 10 days in advance of such implementation pursuant to Commission Regulation 1.41(n).

Option Halts and Reopenings: With regard to each change to the Globex Control Center (GCC) criteria and procedures for Electronic Trading Hours (ETH) option trading halts and reopenings, the Commission has determined that such a change will be deemed approved upon adoption by the Exchange, if the change is consistent with the following standards:

1. Each change to the GCC criteria and procedures to be used by the GCC to halt or re-open option trading during ETH must comply with one or both of the following standards:
 - (a) the change is reasonably related to experience gained with previously established criteria and procedures for trading halts; or
 - (b) the change is reasonably related to changes in market conditions.

Since it may not be apparent from the change to the GCC criteria and procedures itself whether the necessary conditions for Regulation 1.41(n) treatment have been met, any submissions filed under Regulation 1.41(n) must include information that supports determinations by the Exchange to change such criteria or procedures.

2. The Exchange gives the Commission written notice of such changes within 5 business days of the effective date.

The Commission will, within 10 days after receipt by the Commission of a CME notice of such change submitted pursuant to Rule 1.41(n), notify the CME if it appears that the change is not consistent with the standards established by the Commission. Upon such notification to the CME, the change will be subject to the usual procedures under Section 5a(a)(12) of the Act and Commission Regulation 1.41(b).

Definition of Regular Trading Hours (RTH) Price: The definition of the RTH price in the CME rulebook includes a schedule of times (update times) for each contract listed for trading through Globex. For each contract, prior to the relevant update time, the Globex price limit (which also is the trigger for option trading halts) is based on the futures price at 12:45 p.m.

Chicago time. Beginning at the relevant update time, the Globex price limit is based on the previous day's RTH settlement price.

Regarding Rule 1.41(n) expedited approval of initial determinations and changes to the schedule of update times for outright futures, options, or combinations traded through Globex quoted on a price, premium, or volatility basis, the Commission hereby establishes the following standards, which will apply to the subject contracts and to all other CME contracts authorized for trading through Globex:

1. Regarding an initial determination to establish an update time for a contract that currently is not listed for trading through Globex, any such update time must be between the opening of Globex trading for the relevant contract and 7:00 p.m. Chicago time. Any determinations consistent with these standards will be deemed approved upon adoption by the Exchange provided the Exchange gives the Commission written notice of such a determination within 5 business days of the effective date.
2. Regarding a determination to change an update time for a contract currently listed for trading through Globex, any such update time must be between the opening of Globex trading for the relevant contract and 7:00 p.m. Chicago time. Further, the Exchange must provide the membership with 10 days advance notice prior to the effective date of the change. Determinations consistent with these standards would be deemed approved 10 days after notice is provided to the membership, provided written notice of such a change is received by the Commission at least 5 days prior to the effective date.

The Commission will, within ten days after receipt by the Commission of a CME notice of such change submitted pursuant to Rule 1.41(n), notify the CME if it appears that the change is not consistent with the standards established by the Commission. Upon such notification to the CME, the change will be subject to the usual procedures under Section 5a(a)(12) of the Act and Commission Regulation 1.41(b).

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of the Application)
of the Chicago Mercantile Exchange)
for Designation as a Contract Market)
in the Standard & Poor's REIT)
Composite Index Futures Contract)

ORDER OF DESIGNATION

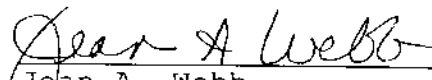
The Chicago Mercantile Exchange (CME) having submitted, pursuant to Section 6 of the Commodity Exchange Act (Act), 7 U.S.C. § 8, an application for designation as a contract market in the Standard & Poor's REIT Composite Index futures contract and the Commodity Futures Trading Commission having reviewed the application and the complete record in this matter, and for the reasons set forth in the memorandum submitted to the Commission by its staff recommending designation of this contract market, the Commission finds that for purposes of this application the CME has demonstrated compliance with the requirements of Section 5 of the Act, 7 U.S.C. § 7, and the regulations thereunder. Therefore,

IT IS HEREBY ORDERED, under Section 5 of the Act, 7 U.S.C. § 7, that the application of the CME for designation as a contract market in the Standard & Poor's REIT Composite Index futures contract is granted, and

IT IS FURTHER ORDERED that this grant of designation shall be subject to compliance with all sections of the Act and regulations thereunder applicable to the CME as a contract market.

✓ Issued in Washington, D.C., this 15th day of December 1998.

By the Commission



Jean A. Webb
Secretary of the Commission

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of the Application)
of the Chicago Mercantile Exchange)
for Designation as a Contract Market in)
Options on the Standard & Poor's)
REIT Composite Index Futures Contract)

ORDER OF DESIGNATION

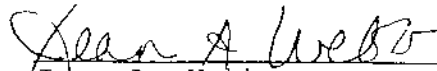
The Chicago Mercantile Exchange (CME) having submitted, pursuant to Sections 4c and 6 of the Commodity Exchange Act (Act), 7 U.S.C. §§ 6c and 8, and Commission Regulation 33.5, 17 C.F.R. §33.5, an application for designation as a contract market in options on the Standard & Poor's REIT Composite Index futures contract and the Commodity Futures Trading Commission having reviewed the application and the complete record in this matter, and for the reasons set forth in the memorandum submitted to the Commission by its staff recommending designation of this contract market, the Commission finds that for purposes of this application the CME has demonstrated compliance with the requirements of Sections 4c and 5 of the Act, 7 U.S.C. §§ 6c and 7, and the regulations thereunder. Therefore,

IT IS HEREBY ORDERED, under Sections 4c and 5 of the Act, 7 U.S.C. §§ 6c and 7, that the application of the CME for designation as a contract market in options on the Standard & Poor's REIT Composite Index futures contract is granted, and

IT IS FURTHER ORDERED that this grant of designation shall be subject to compliance with all sections of the Act and regulations thereunder applicable to the CME as a contract market.

Issued in Washington, D.C., this 15th day of December, 1998.

By the Commission



Jean A. Webb
Secretary of the Commission