



December 24, 2003

Ms. Jean A. Webb  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

RE: Changes to Rule 251A02. **LISTING OF EXERCISE PRICES.** Submitted per Sec. 5c(c)(1) of the CEA and Regulation Sec. 40.6(a). CME Submission # 03-115.

Dear Ms. Webb:

Chicago Mercantile Exchange ("CME" or "Exchange") hereby notifies the Commission of the following amendments to Rule 251A02. **LISTING OF EXERCISE PRICES.** Currently, the Exchange lists put and call options at the regular exercise price that is nearest the previous day's settlement price of the underlying futures contract and the next eighteen higher and the next eighteen lower regular exercise prices for British pound options.

The amendments detailed in the attached Appendix will allow the Exchange to now list put and call options at the regular exercise price that is nearest the previous day's settlement price of the underlying futures contract and the next twenty-four higher and the next twenty-four lower regular exercise prices.

This will be implemented on Friday, December 26, 2003 upon notification to shareholders and members.

The Exchange certifies that these actions neither violate nor are inconsistent with any portion of the Commodity Exchange Act or of the rules thereunder.

The text of these changes is provided in Appendix 1 to this document below - with additions underlined and deletions bracketed and overstruck. A clean copy of the amended section of the rules and the interpretation are provided in Appendix 2 to this document.

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Please do not hesitate to contact Ms. Lori Aldinger at 312-930-2337 or [laldinge@cme.com](mailto:laldinge@cme.com) if any questions arise during the processing of this submission. Please reference our CME Submission #03-115 on all future correspondence for this submission.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Labuszewski". The signature is fluid and cursive, with a large initial "J" and "L".

John W. Labuszewski, Director  
Research & Product Development

CC: Mr. Thomas M. Leahy and Mr. Steven B. Benton,  
CFTC Division of Market Oversight, Product Review & Analysis Section  
Mr. David Van Wagner, CFTC Division of Market Oversight, Rule Review Section  
Mr. Richard W. Q. Fung, CFTC Central Region

### **Appendix 1: Amended Rules**

*(Additions are underlined while deletions are bracketed and overstruck.)*

#### **251A02. LISTING OF EXERCISE PRICES**

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

At the commencement of trading in a contract month, the Exchange shall list put and call options at the regular exercise price that is nearest the previous day's settlement price of the underlying futures contract. For options on British pound futures, the Exchange shall list put and call options at the next ~~[eighteen]~~ twenty-four higher and next ~~[eighteen]~~ twenty-four lower regular exercise prices.

When a sale, bid, offer, or settlement price in the underlying futures occurs within half a regular exercise price interval of the ~~[eighteenth]~~ twenty-fourth highest or ~~[eighteenth]~~ twenty-fourth lowest existing regular exercise prices for options on British pound futures, put and call options at the next higher or next lower regular exercise price shall be listed for trading on the next trading day. New options may be listed for trading up to and including the termination of trading.

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

[Remainder of rule is unchanged.]

## Appendix 2: Clean Copy of Amended Rules

### 251A02. LISTING OF EXERCISE PRICES

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

At the commencement of trading in a contract month, the Exchange shall list put and call options at the regular exercise price that is nearest the previous day's settlement price of the underlying futures contract. For options on British pound futures, the Exchange shall list put and call options at the next twenty-four higher and next twenty-four lower regular exercise prices.

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

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

[Remainder of rule is unchanged.]