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January 15, 2004

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

RE: Section 5c(c) and Regulation §40.6 Submission - Exchange Certification of  
Futures on the Consumer Price Index Launch Date, Trading Hours, Initial Contract Months and  
Listing Procedures, GLOBEX Error Trade Policy, GLOBEX Price Banding, Reportable Position  
Levels, Block Trading, New Product Access Program.  
CME Submission #04-03.

Dear Ms. Webb:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby submits, pursuant to Section 5c(c) of the Act and Regulation §40.6 thereunder, notification of the Consumer Price Index ("CPI") futures launch date, trading hours, initial contract months and listing procedures, GLOBEX error trade policy, GLOBEX price banding, reportable position levels and block trading. CME is also notifying the Commissions of the inclusion of CPI futures in the New Product Access Program and a change to the Interpretations of CME Rules 135.A. and 135.B. Regarding Allowable Spreads for GEM Members. The product will be traded exclusively on GLOBEX™ with the ticker symbol "CPI".

Exchange members, clearing firms, and other market participants will be notified of this information via CME Update 04-01, dated Tuesday, January 20, 2004. CME certifies that these actions neither violate nor are inconsistent with any provision of the Commodity Exchange Act or rules thereunder.

**CPI futures will begin trading at 5:30 pm (Chicago time) on Sunday, February 8, 2004.**  
CME is listing contract months for cash settlement beginning with the March 2004 contract.

Trading hours: GLOBEX

Sundays from 5:30 p.m. to 4:00 p.m. the following day; on Mondays through Thursdays from 5:00 p.m. to 4:00 p.m. the following day.

**Initial contract months and listing procedures:** The futures listing schedule includes twelve (12) March quarterly cycle months. The last trading day for all contracts will be 7:00 a.m. Chicago Time on the day CPI announcement is made in the contract month. If the release of the relevant CPI data by the Bureau of Labor Statistics is postponed beyond the contract month, trading ceases at 7:00 a.m. Chicago Time on the first business day following the contract month.

At the initial listing of a contract month, if the scheduled date of the release of the CPI for the contract month is undetermined, the Last Trading Day shall be tentatively set to 7:00 a.m. Chicago Time on the first business day following the contract month. Upon the announcement of the CPI release schedule for the contract month, the Last Trading Day shall be reset to 7:00 a.m. Chicago Time on the scheduled day of CPI release. Please note that at this time, the BLS has announced release dates extending through to the December 2004 CPI numbers which will be announced on January 19, 2005.

**Initial futures contract months**

<u>Outrights</u>	<u>GLOBEX</u>	<u>Expiration/Tentative Expiration</u>
Quarter 1	March 2004	March 17, 2004
Quarter 2	June 2004	June 15, 2004
Quarter 3	September 2004	September 16, 2004
Quarter 4	December 2004	December 17, 2004
Quarter 5	March 2005	April 1, 2005
Quarter 6	June 2005	July 1, 2005
Quarter 7	September 2005	October 3, 2005
Quarter 8	December 2005	January 2, 2006
Quarter 9	March 2006	April 3, 2006
Quarter 10	June 2006	July 3, 2006
Quarter 11	September 2006	October 2, 2006
Quarter 12	December 2006	January 2, 2007

<u>Calendar Spreads</u>	<u>GLOBEX</u>
Quarter 2 vs. Quarter 1	June 2004 and March 2004
Quarter 3 vs. Quarter 1	September 2004 and March 2004
Quarter 4 vs. Quarter 1	December 2004 and March 2004
Quarter 3 vs. Quarter 2	September 2004 and June 2004
Quarter 4 vs. Quarter 2	December 2004 and June 2004
Quarter 4 vs. Quarter 3	December 2004 and September 2004

CME will list the next March quarterly futures contract month not yet listed for trading on the business day following termination of the nearby March quarterly futures contract month.

**GLOBEX Error Trade Policy:** The standard GLOBEX error trade policy for Eurodollar futures will apply to CPI futures too. This includes a no bust range of “5 basis points or less”

which is currently applicable for Eurodollar futures. Additions are underlined in the following Interpretations and Special Notices to Chapter 5, CME GLOBEX Error Trade Policy.

**CME GLOBEX ERROR TRADE POLICY**

[Rules A to F are unchanged.]

**G. Busting Trades After System Freeze**

In certain types of GLOBEX system failures, it is possible that the matching engine will freeze with live orders in the queue waiting to be matched. When the system is unfrozen, the pending orders can be matched before the GCC can halt the matching engine. The GCC is authorized to bust trades resulting from matches in these circumstances if, and only if, the price of such trades is outside of the No Bust Range at the time that a confirmation of the trades was sent.

GLOBEX Error Trade Tick Range List

<u>Futures Contract</u>	<u>No Bust Range</u>
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[Eurodollar through TIE and CETES entries are unchanged.]

<u>CPI Futures</u>	<u>5 basis points or less</u>
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[Currency Futures through remainder of rule are unchanged.]

**GLOBEX Price Banding:** There are no price limits for GLOBEX trading for CPI futures contracts, but price banding is in effect at ten basis points (0.10).

**Reportable Position Limits:** For purposes of Rule 817- Reports of Large Positions, the minimum levels at which positions must be reported to the Exchange is 25.

**Block Trading:** Block trading is allowed in CPI futures with a minimum threshold set at 50 contracts. Those futures and options contracts that are eligible for block trading under CME Rule 526 – Block Transactions, are approved by the Board (or a Committee appointed by the Board) and delineated in the Exchange’s “Block Trading Q&A”.

**New Product Access Program:** CPI futures will be included in the Exchange’s “New Product Access Program”. GEM members trading these products will be charged lessee clearing fee rates rather than out-of-division rates for a limited time. Rule 194 details the New Product Access Program. GEM members wanting to spread CPI futures with Eurodollar futures must enter orders for those trades either simultaneously with or after the CPI futures leg.

Additions are underlined in the following interpretation of CME Rules 135.A. and 135.B. Regarding Allowable Spreads for GEM Members.

**INTERPRETATION OF RULES 135.A. AND 135.B. REGARDING ALLOWABLE SPREADS FOR GEM MEMBERS**

Rule 135.A. provides that GEM members may not while on the floor of the Exchange enter orders for products of other Divisions except for bona fide spread transactions involving products within the GEM Division and that GEM members may not solicit business from the floor of the Exchange except for business in products traded in the GEM Division and bona fide spread involving such products.

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The only allowable spreads involving non-GEM products that GEM members may enter into or solicit while on the trading floor are listed below:

GSCI	with	Live Cattle and Lean Hogs
Russell 2000	with	S&P 500, S&P Mid-Cap
S&P/Barra Growth and Value	with	S&P 500, S&P Mid-Cap
Live Cattle Serial (Odd) Months	with	Live Cattle Even Months*
CME\$INDEX™	with	Euro FX, Japanese yen, British pound, Swiss franc, Australian dollar, Canadian dollar, Swedish krona
E-Mini NASDAQ	with	E-Mini NASDAQ-100, E-Mini S&P 500, E-Mini S&P MidCap 400, E-Mini Russell 2000, S&P SmallCap 600, Russell 1000, Financial SPCTR, Technology SPCTR
CPI	with	Eurodollar

\*Provided the GEM member also maintains a Serial Month Live Cattle Permit.

When such spreads are executed on a legged basis, the GEM leg of the spread must always precede the non-GEM leg with the exception of the Live Cattle Serial Months/Live Cattle Even Months spread where either leg may be executed first. Please note that these restrictions do not apply to spreads in which all of the component parts are GEM products.

If my staff or I may assist you, please do not hesitate to contact Sayee Srinivasan of my staff at 312-454-5205 or [ssriniva@cme.com](mailto:ssriniva@cme.com), or me at 312-466-7469 or [jlab@cme.com](mailto:jlab@cme.com). Please reference our CME Submission Number 04-03 in related correspondence.

Sincerely,



John W. Labuszewski, Director  
Research & Product Development

cc: Thomas M. Leahy, Jr., CFTC Division of Economic Analysis

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