

RECEIVED  
C.F.T.C.



Chicago Mercantile Exchange

2004 MAR -4 AM 9: 23

20 South Wacker Drive  
Chicago, IL 60606-7499  
www.cme.com

312/930.1000 tel  
312/466.4410 fax

March 4, 2004

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

Re: Section 5c(c)(1), Regulation 40.6 Submission. Exchange Certification  
for a decrease in tick size for all Weather futures and options contracts.  
CME Submission #04-23

Dear Ms. Webb:

Chicago Mercantile Exchange Inc. hereby informs the Commission regarding a decrease in the tick size for all weather contracts to one-fifth of the current tick size.

These new one-fifth tick sizes will become effective on Monday, March 8, 2004 for the Monthly and Seasonal CDD and CAT contracts. The HDD Monthly and Seasonal contracts will be revised in April-May respectively after the March-April 2004 contracts expire. Resizing the HDD contracts in the middle of the heating season before expiration would cause confusion for market participants.

At the present time there is a combination of 341 Monthly and Seasonal CDD & CAT open contracts. These open positions, even though relatively few, will be resized on Monday, March 8<sup>th</sup> to reflect the contract changes. For example, if a person is holding one June '04 Chicago CDD at the start of business on March 8, 2004 that position would be resized to 5 contracts. The Exchange intends to compensate these individuals for any additional commissions or other expenses due to this action.

The amendments are as follows, with additions underlined and deletions bracketed and overstruck.

**40302.C. Price Increments**

The minimum price fluctuation on the respective CME Degree Days Index futures shall be 1 index point and have a value of \$[100]20.

**403A01.C. Minimum Fluctuations**

The price of an option shall be quoted in terms of the respective CME Degree Days Index. Each index point represents \$[100]20. For example, a quote of 2 index points represents \$[200]40. The minimum fluctuation shall be 1.0 HDD or 1.0 CDD (also known as one tick), equal to \$[100]20.

**40502.C. Price Increments**

The minimum price fluctuation on the CME Seasonal Degree Days Index futures shall be 1 index point and have a value of \$[100]20.

**405A01.C. Minimum Fluctuations**

The price of an option shall be quoted in terms of the respective CME Seasonal Degree Days Index. Each index point represents \$[100]20. For example, a quote of 2 index points represents \$[200]40. The minimum fluctuation shall be 1.0 HDD or 1.0 CDD (also known as one tick), equal to \$[100]20.

**40602.C. Price Increments**

The minimum price fluctuation of the respective CME European HDD Index futures shall be 1 index point and have a value of [100]20 British pounds (pounds sterling).

**406A01.C. Minimum Fluctuations**

The price of an option shall be quoted in terms of the respective CME European HDD Index. Each index point represents [100]20 British pounds (pounds sterling). For example, a quote of 2 index points represents [200] 40 British pounds (pounds sterling). The minimum fluctuation shall be 1.0 index point (also known as one tick), equal to [100]20 British pounds (pounds sterling).

**40702.C. Price Increments**

The minimum price fluctuation on the CME European Seasonal HDD Index futures shall be 1 index point and have a value of [100]20 British pounds (pounds sterling).

**407A01.C. Minimum Fluctuations**

The price of an option shall be quoted in terms of the respective CME European Seasonal HDD Index. Each index point represents [100]20 British pounds (pounds sterling). For example, a quote of 2 index points represents [200] 40 British pounds (pounds sterling). The minimum fluctuation shall be 1.0 index point (also known as one tick), equal to [100]20 British pounds (pounds sterling).

**40802.C. Price Increments**

The minimum price fluctuation of the respective CME European CAT Index futures shall be 1 index point and have a value of [~~100~~20] British pounds (pounds sterling).

**408A01.C. Minimum Fluctuations**

The price of an option shall be quoted in terms of the respective CME European CAT Index. Each index point represents [~~100~~20] British pounds (pounds sterling). For example, a quote of 2 index points represents [~~200~~ 40] British pounds (pounds sterling). The minimum fluctuation shall be 1.0 index point (also known as one tick), equal to [~~100~~20] British pounds (pounds sterling).

**40902.C. Price Increments**

The minimum price fluctuation on the CME European Seasonal CAT Index futures shall be 1 index point and have a value of [~~100~~20] British pounds (pounds sterling).

**409A01.C. Minimum Fluctuations**

The price of an option shall be quoted in terms of the respective CME European Seasonal CAT Index. Each index point represents 100 British pounds (pounds sterling). For example, a quote of 2 index points represents [~~200~~ 40] British pounds (pounds sterling). The minimum fluctuation shall be 1.0 index point (also known as one tick), equal to [~~100~~20] British pounds (pounds sterling).

This new tick size will become effective on Monday, March 8, 2004.

The Exchange certifies that this action neither violates nor is inconsistent with any provision of the Commodity Exchange Act or of the rules thereunder.

If you require any additional information regarding this action, please do not hesitate to contact Mr. Charles Piszczor at 312-930-4536 or via e-mail at [cpiszczor@cme.com](mailto:cpiszczor@cme.com). We would be appreciative if you could reference our CME Submission #04-23 in any related correspondence.

Sincerely,



John W. Labuszewski, Director  
Research & Product Development