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Chicago Mercantile Exchange

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November 9, 2004

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

RE: Section 5c(c)(1), Part 40.6 – Notification of Intent to List Options on  
E-Mini NASDAQ 100 Index Futures and Exchange Certification of  
Amendments to Chapter 359A and to Chapter 5. CME Submission# 04-109.

Dear Ms. Webb:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commission of its intent to list Options on E-Mini NASDAQ 100 Index futures.<sup>1</sup> In addition, CME notifies the Commission of amendments to Chapter 359A, Options on E-Mini NASDAQ 100 Futures and to Rule 557.B, Execution of Orders.

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

Approved by the Exchange's Board on November 8, 2004 per its authority Exchange Rule 230.j., CME will list Options on E-Mini NASDAQ 100 Futures for trading on the CME Globex<sup>®</sup> electronic trading platform beginning November 21, 2004. Initially the nearest two months in the March quarterly cycle and two serial contract months will be listed. With the introduction of this product come two amendments regarding the minimum fluctuation and the exercise prices.

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<sup>1</sup> Please note that CME submitted a filing for both the futures and the options on futures based on this Index dated February 4, 1999 (CME Submission #99-32). This submission was approved by the Commission on May 13, 1999. The Exchange commenced trade in E-Mini NASDAQ 100 Index futures on June 21, 1999. While the Commission approved the Exchange's associated option Rules, CME held such option listing in reverse.

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**November 9, 2004**  
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In order to maintain consistency with the standard sized NASDAQ 100 options contract, the minimum fluctuation on the E-Mini contract is amended from the current value of 0.50 index points to 0.05 index points. In addition, strike prices will be listed at ten up and down in place of the twenty originally submitted. In addition, a Globex order entry quantity limit of 1,500 contracts will be implemented. The text of the rule amendments is provided below in Appendix A. A clean copy of the amended rules is provided below in Appendix B.

If you require any additional information regarding this action, please do not hesitate to contact Ms. Ariel Hantin, Senior Research Analyst at 312-559-4951 or via e-mail at [ahantin@cme.com](mailto:ahantin@cme.com). Please reference our CME Submission #04-109 on all future correspondence regarding this notification.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Labuszewski". The signature is fluid and cursive, with a large loop at the end.

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

## Appendix A: Text of Rule Amendments

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

### CHAPTER 359A: OPTIONS ON E-MINI NASDAQ 100 INDEX® FUTURES

#### 359A01.C. Minimum Fluctuations

The price of an option shall be quoted in index point. Each .01 index point shall represent \$0.20. The minimum fluctuation shall be [~~0.50~~0.05] index points (also known as one tick), equivalent to \$1[0].00 per contract. Trades may also occur at a price of 0.025 index points (\$[~~5.00~~0.50], also known as one-half tick), whether or not such trades result in the liquidation of positions for both parties to the trade.

#### 359A01.E. Exercise Prices

The exercise prices shall be stated in terms of the E-Mini Nasdaq 100 Index futures contract which is deliverable upon exercise of the option. The exercise prices shall be integers divisible by 10 without remainder, e.g., 2000, 2010, 2020, 2030, etc.

At the commencement of option trading for E-Mini Nasdaq 100 option contracts the Exchange shall list all eligible exercise prices in a range of [~~2~~1]100 index points above and below the previous day's settlement price of the E-Mini Nasdaq 100 Index futures contract.

Thereafter, when a daily settlement price in the underlying futures contract occurs at, or passes through, any exercise price, the Exchange shall list on the next trading day put and call options with all eligible exercise prices in the above ranges.

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

### RULE 557: RESTRICTIONS ON STOCK INDEX FUTURES TRADED ON GLOBEX

#### 557.B. Execution of Orders

1. Orders of any quantity may be accepted for stock index futures and options on stock index futures for entry on the GLOBEX System. However, orders exceeding 400 futures contracts must be entered on the GLOBEX System as multiple entries each of which must not exceed 400 contracts. Orders exceeding 1,500 contracts in options on the E-mini S&P 500 futures and E-mini NASDAQ 100 futures contracts must be entered on the GLOBEX System as multiple entries each of which must not exceed 1,500 contracts. This restriction shall not apply to TRAKRS contracts where orders of any quantity may be entered, within normal GLOBEX System limitations.

## **Appendix B: Clean Copy of Rules as Amended**

### **CHAPTER 359A: OPTIONS ON E-MINI NASDAQ 100 INDEX® FUTURES**

#### **359A01.C. Minimum Fluctuations**

The price of an option shall be quoted in index point. Each .01 index point shall represent \$0.20. The minimum fluctuation shall be 0.05 index points (also known as one tick), equivalent to \$1.00 per contract. Trades may also occur at a price of 0.025 index points (\$0.50, also known as one-half tick), whether or not such trades result in the liquidation of positions for both parties to the trade.

#### **359A01.E. Exercise Prices**

The exercise prices shall be stated in terms of the E-Mini Nasdaq 100 Index futures contract which is deliverable upon exercise of the option. The exercise prices shall be integers divisible by 10 without remainder, e.g., 2000, 2010, 2020, 2030, etc.

At the commencement of option trading for E-Mini Nasdaq 100 option contracts the Exchange shall list all eligible exercise prices in a range of 100 index points above and below the previous day's settlement price of the E-Mini Nasdaq 100 Index futures contract.

Thereafter, when a daily settlement price in the underlying futures contract occurs at, or passes through, any exercise price, the Exchange shall list on the next trading day put and call options with all eligible exercise prices in the above ranges.

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

### **RULE 557: RESTRICTIONS ON STOCK INDEX FUTURES TRADED ON GLOBEX**

#### **557.B. Execution of Orders**

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