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December 3, 2004

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

RE: Exchange Certification of Amendments to Block Trading Rules in
CME Weather Futures and Options. CME Submission #04-115.

Dear Ms. Webb:

Chicago Mercantile Exchange Inc. ("CME" or "the Exchange") hereby certifies amendments to block trade reporting practices in the context of CME Weather futures and option contracts. The Exchange's Board of Directors approved these amendments at its meeting of December 2, 2004 per its authority under Rule 230.j. We intend to make this action effective as of Sunday, December 5, 2004.

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 Exchange is amending block trading reporting practices in the context of CME weather futures and option contracts. Specifically, we intend to extend the block trade reporting period to fifteen (15) minutes. Note that the current block trade reporting period is five (5) minutes except in CME Eurodollar futures and options where the period is fifteen (15) minutes.

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This action is motivated by requests from customers who suggest that additional time is required accurately to report weather trades to the Exchange. Note the possibility of confusion and inaccuracies to the extent that the Exchange currently lists heating and cooling degree day contracts on a monthly and seasonal basis in fifteen domestic cities, six European cities and two Asian cities.

Appendix 1 provides the text of the Rule amendments with additions underlined and deletions bracketed and overstruck; Appendix 2 provides a clean copy of the Rules as amended.

If you require any additional information regarding this matter, please do not hesitate to contact me at 312-466-7469 or via e-mail at jlab@cme.com. Please reference our CME Submission #04-115 on all future correspondence regarding this notification.

Sincerely,



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 1: Rule Amendments

(Additions are underlined, deletions are deleted and bracketed.)

526. BLOCK TRANSACTIONS

Notwithstanding Rule 520 - TRADING CONFINED TO EXCHANGE FACILITIES -, the Board or a Committee appointed by the Board shall, from time to time, determine the minimum thresholds for and the commodities in which Block Transactions (privately negotiated transactions) shall be permitted. The following shall govern Block Transactions:

- A. A member may execute a Block Transaction for a specified quantity at or in excess of the applicable minimum threshold designated by the Board.
- B. Each party to a Block Transaction must be an Eligible Contract Participant as that term is defined in Section 1a(12) of the Commodity Exchange Act.
- C. A member shall not execute any order by means of a Block Transaction unless that order meets the applicable minimum threshold and includes specific instructions to execute a Block Transaction.
- D. The price at which a Block Transaction is executed must be "fair and reasonable" in light of (i) the size of such Block Transaction, (ii) the prices and sizes of other transactions in the same contract at the relevant time, (iii) and the prices and sizes of transactions in other relevant markets, including without limitation the underlying cash and futures markets, at the relevant time, and (iv) the circumstances of the parties to such Block Transaction.
- E. Block Transactions shall not set off conditional orders (e.g., Stop Orders, MIT Orders, etc.) or otherwise affect orders in the regular market.
- F. Block Transactions must be reported to a designated Exchange official within five minutes of the time of execution; except that Block transactions in Eurodollar and Weather futures and options must be reported within fifteen minutes of the time of execution. The report must include the contract, contract month, price, and quantity of the transaction. The Exchange shall immediately publish such information separately from the reports of transactions in the regular market.
- G. Clearing firms must report Block Transactions to the Exchange Clearing House, including the time of execution, in accordance with the Clearing House Manual of Operations.
- H. Brokers executing Block Transactions must maintain a record of said transaction, in accordance with Rule 536 - RECORDS FOR ORDERS AND PERSONAL TRANSACTIONS DURING REGULAR TRADING HOURS.

- I. In the application of paragraphs A., B., and C. of this Rule to a commodity trading advisor ("CTA") registered under the Commodity Exchange Act, including without limitation any investment advisor registered as such with the Securities and Exchange Commission that is exempt from regulation under the Commodity Exchange Act or Commission Regulations thereunder, with total assets under management exceeding \$25 million, the CTA, and not the CTA's customers, shall be the applicable entity for purposes of said paragraphs A., B., and C.

- J. In the application of paragraphs A., B., and C. of this Rule to a foreign Person performing a similar role or function to a CTA or investment advisor as described in paragraph I, and subject as such to foreign regulation, with total assets under management exceeding \$50 million, the CTA, and not the CTA's customers, shall be the applicable entity for purposes of said paragraphs A., B., and C.

Appendix 2: Clean Copy of Rule as Amended

526. BLOCK TRANSACTIONS

Notwithstanding Rule 520 - TRADING CONFINED TO EXCHANGE FACILITIES -, the Board or a Committee appointed by the Board shall, from time to time, determine the minimum thresholds for and the commodities in which Block Transactions (privately negotiated transactions) shall be permitted. The following shall govern Block Transactions:

- A. A member may execute a Block Transaction for a specified quantity at or in excess of the applicable minimum threshold designated by the Board.
- B. Each party to a Block Transaction must be an Eligible Contract Participant as that term is defined in Section 1a(12) of the Commodity Exchange Act.
- C. A member shall not execute any order by means of a Block Transaction unless that order meets the applicable minimum threshold and includes specific instructions to execute a Block Transaction.
- D. The price at which a Block Transaction is executed must be "fair and reasonable" in light of (i) the size of such Block Transaction, (ii) the prices and sizes of other transactions in the same contract at the relevant time, (iii) and the prices and sizes of transactions in other relevant markets, including without limitation the underlying cash and futures markets, at the relevant time, and (iv) the circumstances of the parties to such Block Transaction.
- E. Block Transactions shall not set off conditional orders (e.g., Stop Orders, MIT Orders, etc.) or otherwise affect orders in the regular market.
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- J. In the application of paragraphs A., B., and C. of this Rule to a foreign Person performing a similar role or function to a CTA or investment advisor as described in paragraph I, and subject as such to foreign regulation, with total assets under management exceeding \$50 million, the CTA, and not the CTA's customers, shall be the applicable entity for purposes of said paragraphs A., B., and C.