



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

November 22, 2006

Ms. Eileen Donovan
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**RE: CME Rule 588.C. ("Trade Price Adjustment and Cancellation Process") and
CME Rule 588.K. ("Globex No Bust Ranges")
Submission No. 06-101**

Dear Ms. Webb:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commission that the Exchange has approved an amendment to Rule 588.C. to clarify the types of contracts listed in the Liability for Losses Resulting from a Price Adjustment or Trade Bust section and Rule 588.K to remove the delisted Agency Notes contract as well as make changes to the No Bust Ranges for the NYMEX contracts and descriptions of the Futures Combinations contracts. The rule changes are attached with the additions underlined and deletions lined out.

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

If you have any questions regarding this matter, please call me at (312) 648-5422.

Sincerely,

/S/ Stephen M. Szarmack
Director and Associate General Counsel

GLOBEX TRADE CANCELLATIONS**[No changes to 588.A.-B.]****588.C. Trade Price Adjustment and Cancellation Process**

The GCC will first determine whether the trade price is within the No Bust Range for the contract pursuant to Section K. During fast market conditions, upon the release of significant news events, or in other circumstances in which the GCC determines it is appropriate, the GCC may temporarily double the published No Bust Range without prior notice. In applying the No Bust Range, the GCC shall determine the actual or implied market price for that contract immediately before the trade under review. The GCC may consider any relevant information, including but not limited to the existing market conditions, the volatility of the market, the prices of related instruments in other markets, the last trade price on GLOBEX, a better bid or offer price, a more recent price in a different contract month, the price of the same or related contract established in open outcry trading, theoretical value of an option based on the current (most recent) implied volatility, "RFQs," and any other factors that the GCC deems relevant.

1. Trade Price Inside the No Bust Range

If the GCC determines that the price of the trade was inside the No Bust Range, the GCC will promptly issue an alert indicating that the trade shall stand.

2. Trade Price Outside the No Bust Range

a. Implied-Eligible Contracts

If the GCC determines that a trade price is outside the applicable No Bust Range for an implied-eligible contract, the trade price shall be adjusted to a price that equals the actual or implied market price for that contract at the time of the questioned trade, plus or minus the standard or doubled No Bust Range, as may be applicable. The GCC will promptly issue an alert indicating that the prices of the trades outside the No Bust Range have been adjusted to the No Bust Range limit.

For example, if the standard No Bust Range for Eurodollars or LIBOR is 2.5 points above and below the market price and the doubled No Bust Range was in effect at the time of the transactions, all trade prices outside the doubled No Bust Range shall be adjusted to the applicable No Bust Range limit, i.e., 5 points above or below the market price.

b. All Other Futures and Option Contracts

If the GCC determines that the trade price is outside the No Bust Range for a non-implied-eligible contract, the GCC shall bust the trade. The GCC will promptly issue an alert indicating that trades outside the No Bust Range have been busted.

Notwithstanding the above, trades consummated pursuant to Rule 585 that are determined by the GCC to be outside the No Bust Range will stand, and a reciprocal trade negating the original trade will be consummated by means of a "type 8 transfer."

3. Liability for Losses Resulting from a Price Adjustment or Trade Bust

a. Implied Eligible Contracts – Adjusted Stop Orders

A party responsible for an order(s) that results in a trade price adjustment shall be liable for actual losses incurred by persons whose stop orders were elected as a result of the order(s). The compensable loss on each futures contract executed as part of a stop order shall be the difference between the adjusted price, as determined by the GCC, and the price in the market at the time the person knew or should have known that his stop order was erroneously elected.

b. Implied Eligible Contracts – Adjusted Spread Trades

A party responsible for an order that results in a trade price adjustment shall not be liable to persons whose spread orders were executed and adjusted unless the adjusted execution price of the spread is less favorable than the market equilibrium spread price for the relevant spread. The liability of the party responsible for an order that results in a price adjustment shall be limited to the difference between the adjusted price and the equilibrium market price, but shall not exceed the relevant No Bust Range.

c. Implied Eligible Contracts – Other Transactions

A party responsible for entering an order that results in a trade price adjustment shall not be liable for losses incurred by persons whose trade prices were adjusted, except as provided in 3.a. and 3.b. above.

d. All Other Futures and Options Contracts

A party responsible for an order that results in a trade bust may be liable for the reasonable out-of-pocket losses incurred by persons whose trades were busted or persons whose stop orders were elected and not busted. Issues of liability in such cases will be determined based upon all relevant facts and circumstances, including the conduct of the respective parties. All claims in connection with such losses must be pursued under the applicable rules of Chapter 6.

[No changes to 588.D.-J.]

588.K. GLOBEX No Bust Ranges

<u>Futures</u>	<u>No Bust Range</u>
Eurodollar, E-mini Eurodollar and LIBOR	2.5 basis points or less
E-mini Eurodollar Bundle	2.5 basis points or less
T-Bills	5 basis points or less
Agency Notes	16 ticks or less
Swaps	5 basis points or less
CPI Futures	5 basis points or less
Eurozone HICP Futures	25 basis points or less
Currency Futures (except British pound and Mexican Peso)	20 ticks or less
British Pound Futures and Mexican Peso Futures	30 ticks or less
S&P 500 and E-mini S&P 500	6.00 index points or less
S&P Citigroup Growth	4.00 index points or less
S&P Citigroup Value	4.00 index points or less
S&P Midcap 400 and E-mini S&P Midcap 400	4.00 index points or less
S&P Smallcap 600	4.00 index points or less
E-Mini S&P Asia 50	12.00 index points or less
E-Mini MSCI EAFE	12.00 index points or less
S&P 500 Depository Receipts	0.60 index points or less
Russell 2000 and E-mini Russell 2000	4.00 index points or less
E-mini Russell 1000	4.00 index points or less
iShares Russell 2000	0.40 index points or less
Nasdaq-100 and E-mini Nasdaq-100	12.00 index points or less
E-mini Nasdaq Composite	12.00 index points or less
E-mini Nasdaq Biotechnology	12.00 index points or less
Nasdaq-100 Index Tracking Stock	0.30 index points or less
Nikkei 225 (\$ and ¥)	60.00 index points or less
S&P 500 Technology SPCTR	3.00 index points or less
S&P 500 Financial SPCTR	3.00 index points or less
Housing Futures	2.00 index points or less
TRAKRS Futures	25 cents or less
Goldman Sachs Commodity Index	2.50 index points or less
CME Weather	25.00 index points or less
CME Snowfall	50 ticks or 5 inches
Lean Hogs	\$0.0050 per pound or less
Live Cattle	\$0.0050 per pound or less
Feeder Cattle	\$0.0050 per pound or less
Pork Bellies	\$0.0050 per pound or less
Butter (Cash-Settled)	\$0.0075 per pound or less
Milk	\$0.20 per cwt. or less
Urea	\$3 per ton or less
DAP	\$3 per ton or less
UAN	\$3 per ton or less
Ethanol	\$.025 per gallon or less
NYMEX Crude Oil and NYMEX miNY Crude Oil	\$0.25 or less
NYMEX Brent and NYMEX miNY Brent	\$0.25 or less
NYMEX REBCO	\$0.25 or less
NYMEX Natural Gas and NYMEX miNY Natural Gas	\$0.05 or less
NYMEX Natural Gas (last-day) futures	\$0.05 or less
NYMEX Heating Oil and NYMEX miNY Heating Oil	\$0.01 or less
NYMEX RBOB Gasoline and NYMEX miNY RBOB Gasoline	\$0.01 or less
NYMEX Unleaded Gas	\$0.01 or less
NYMEX Propane	\$0.01 or less
NYMEX Singapore 380 Fuel Oil	\$2.00 or less
NYMEX Gas Oil	\$4.00 or less
NYMEX Palladium	\$5.00 per troy ounce or less
NYMEX Platinum	\$10.00 per troy ounce or less
<u>Futures Combinations</u>	
All Non-Implied Eurodollar Combinations	2.5 basis points or less
All Eurodollar Combinations & E-mini Eurodollar Bundles Spreads	2.5 basis points or less
Non-Eurodollar, Non-Implied Eligible, Intra-Commodity Futures Spreads	5 ticks or less
Implied Eligible Intra-Commodity Futures Spreads	Same as the no bust range of the individual legs

Futures

Inter-Commodity Futures Spreads

~~All NYMEX Intra-commodity Combinations~~
~~NYMEX Inter-Commodity Futures Spreads~~

~~NYMEX Strips~~
Options on Futures

Interest Rate Options

All Eurodollar Covered Strategies
Prices below or equal to 5 basis points
Prices greater than 5 through 15 basis points
Prices greater than 15 through 25 basis points
Prices greater than 25 basis points
Interest Rate Options Combinations (Deltas
greater than 50%)

Equity Index Options

Any premium level

Currency Options

Any premium level

No Bust Range

The wider of the no bust ranges of the two
individual legs

~~Same as the no bust range of the individual legs~~
~~The wider of the no bust ranges of the two~~
~~individual legs~~

~~Same as the no bust range of the individual legs~~
No Bust Range

1 basis point
1 basis point
1.5 basis points
2 basis points
2.5 basis points
2.5 basis points

20% of premium (up to 3.00 index points with a
minimum of 1 tick) or less

20% of premium (up to 10 ticks with a minimum
of 1 tick) or less