

UNITED STATES OF AMERICA

Before The
COMMODITY FUTURES TRADING COMMISSION

Treatment of Funds Held in Connection
with the Clearing of Over-the-Counter
Products by Chicago Mercantile Exchange Inc.

ORDER

The Chicago Mercantile Exchange Inc. (“CME”), a registered derivatives clearing organization (“DCO”), has submitted a request that the Commodity Futures Trading Commission (“Commission”) issue an Order permitting CME and registered futures commission merchants (“FCMs”) that are clearing members of CME to hold customer funds of eligible contract participants (“ECPs”) in accounts segregated pursuant to Section 4d of the Commodity Exchange Act (“Act”) and Commission Regulation 1.20, in connection with CME’s clearing of specified Eurodollar and currency contracts entered into over the counter (“OTC”) and cleared by CME (“cleared-only contracts”).

The Commission has reviewed the request, CME’s supplementary submission (together, the “Submission”), and the complete record in this matter and finds that CME has demonstrated that it can continue to comply with the requirements under the Act and the Commission’s regulations thereunder applicable to it. Therefore:

IT IS ORDERED, pursuant to Section 4d(a)(2) of the Act, 7 U.S.C. §6d(a)(2), that, subject to the terms and conditions below, CME and registered FCMs that are clearing members of CME and acting pursuant to this Order, may hold money, securities, and other property belonging to customers that are ECPs (collectively, “ECP customer funds”) used to margin,

guarantee, or secure transactions in the cleared-only contracts cleared by CME with other customer funds used to margin, guarantee, or secure trades or positions in commodity futures or commodity option contracts executed on or subject to the rules of a contract market designated pursuant to Section 5 of the Act (“DCM”), or a Derivatives Transaction Execution Facility (“DTEF”) registered pursuant to Section 5a of the Act, in a segregated account or accounts maintained in accordance with Section 4d of the Act (including any orders issued pursuant to Section 4d(a)(2) of the Act) and the regulations thereunder, and all such customer funds shall be accounted for and treated and dealt with as belonging to the customers of the participating FCM consistently with Section 4d of the Act and the regulations thereunder.

IT IS FURTHER ORDERED that:

(1) This Order will apply and is limited only to cleared-only contracts in the following eligible products: Eurodollar futures contracts; British Pound futures contracts; Canadian Dollar futures contracts; Japanese Yen futures contracts; Swiss Franc futures contracts; Australian Dollar futures contracts; EuroFX futures contracts; Euro/FX/British Pound Cross Rate futures contracts; and EuroFX/Japanese Yen Cross Rate futures contracts.

(2) CME will apply appropriate risk management procedures to transactions and open interest in the cleared-only contracts. CME will conduct financial surveillance and oversight of FCMs clearing the cleared-only contracts, and CME and FCMs acting pursuant to this Order will take all other steps necessary and appropriate to manage risk related to clearing cleared-only contracts.

(3) CME will make available open interest and settlement price information for eligible products on a daily basis in the same manner as for contracts listed for trading on CME.

(4) CME shall at all times fulfill all representations made in its Submission and all attachments and supporting materials thereto.

(5) Each FCM acting pursuant to this Order shall keep the information and records that are described in the Section 4g of the Act and Commission regulations thereunder, including but not limited to Regulation 1.35, with respect to all cleared-only contracts. Such records shall be produced for inspection in accordance with the requirements of Regulation 1.31.

(6) Large Trader (Position) Reporting (for purposes of financial surveillance).

(a) CME shall provide to the Commission the information described in Part 16 of the Commission's regulations in the manner described in Parts 15 and 16 of the Commission's regulations with respect to all cleared-only contracts;

(b) Each FCM acting pursuant to this Order shall provide to the Commission the information described in Part 17 of the Commission's regulations in the manner described in Parts 15 and 17 of the Commission's regulations with respect to all cleared-only contracts in which it participates; and

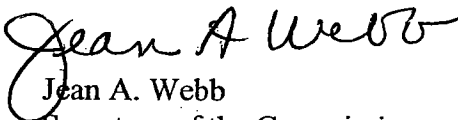
(c) If the Commission promulgates a regulation under the Act addressing obligations under Parts 15, 16, and/or 17 of the Commission's regulations, then such regulation will supersede the obligations referred to in ¶¶ 6(a)-(b) above.

This Order is issued pursuant to Section 4d of the Act based upon the representations made and supporting material provided to the Commission by CME in its Submission. Any material changes or omissions in the facts or circumstances pursuant to which this Order is granted might require the Commission to reconsider its finding that the relief set forth herein is appropriate. Further, in its discretion, the Commission may condition, modify, suspend,

terminate, or otherwise restrict the exemptive relief granted in this Order, as appropriate, on its own motion.

Issued in Washington, D.C. this 3rd day of March, 2006.

By the Commission,


Jean A. Webb
Secretary of the Commission