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July 2, 2007

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

Re: Administrative Amendment: CME Rule Chapters 428 & 428A renumbered as CME Rule Chapters 435 & 435A - CME Lehman Brothers U.S. Aggregate Index Futures and Options Contracts per Sec. 5c(c)(1) of the CEA and Regulation §40.6. CME Submission # 07-49.

Dear Ms. Donovan:

Chicago Mercantile Exchange ("CME" or "Exchange") hereby certifies with the Commission the renumbered chapters for CME Lehman Brothers U.S. Aggregate Index Futures and Options Contracts. The Exchange certifies that these administrative amendments comply with the Act and all applicable rules thereunder.

This submission renumbers the CME Lehman Brothers U.S. Aggregate Index Futures and Options on Futures Contracts from Chapter 428 to Chapter 435, and from Chapter 428A to Chapter 435A, respectively. Appendix 1 depicts renumbered Chapter 435 for the CME Lehman Brothers U.S. Aggregate Index Futures Contract, while Appendix 2 depicts renumbered Chapter 435A for the CME Lehman Brothers U.S. Aggregate Index Options on Futures Contract. Additions are underscored and deletions are bracketed and overstruck. Appendices 3 and 4 provide clean copies of Chapters 435 and 435A, respectively.

Please do not hesitate to contact Mr. John E. Nyhoff, Director, Research & Product Development at 312-930-2310 or john.nyhoff@cme.com if any questions arise during the processing of this submission. Please reference our CME Submission #07-49 on all future correspondence for this submission.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Labuszewski", written in a cursive style.

John W. Labuszewski, Managing Director
Research & Product Development

Ms. Eileen Donovan

March 7, 2007

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cc: Richard A. Shilts, CFTC Division of Market Oversight
Mr. Thomas Leahy, CFTC Division of Market Oversight

**Appendix I. Rules Governing CME Lehman Brothers
U.S. Aggregate Index Futures Contracts**
(Deletions are bracketed and overstruck, additions are underscored.)

CHAPTER [428] 435: CME Lehman Brothers U.S. Aggregate Index Futures

[428] 43500. SCOPE OF CHAPTER

This chapter is limited in application to futures trading in the Lehman Brothers U.S. Aggregate Index. The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

[428] 43501. COMMODITY SPECIFICATIONS

Each futures contract shall be valued at \$100.00 times the Lehman Brothers U.S. Aggregate Index Value. The Lehman Brothers U.S. Aggregate Index Value is equal to the Lehman Brothers U.S. Aggregate Index plus 100. The Lehman Brothers U.S. Aggregate Index is a total return, value-weighted composite index of U.S. dollar denominated investment grade fixed income instruments.

[428] 43502. FUTURES CALL

[428] 43502.A. Trading Schedule

Futures contracts shall be scheduled for trading during such hours and for delivery in such months as may be determined by the Board of Directors.

[428] 43502.B. Trading Unit

The unit of trading shall be \$100.00 times the Lehman Brothers U.S. Aggregate Index Value.

[428] 43502.C. Price Increments

Bids and offers shall be quoted in terms of the Lehman Brothers U.S. Aggregate Index Value. The minimum fluctuation of the futures contract shall be 0.20 index points, equivalent to \$20.00 per contract.

[428] 43502.D. Position Limits

A person shall not own or control more than 5,000 contracts net long or net short in all contract months combined. For positions involving options on CME Lehman Brothers U.S. Aggregate Index futures, this rule is superseded by the option speculative position limit rule.

[428] 43502.E. Accumulation of Positions

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

CME Lehman Brothers U.S. Aggregate Index Futures and Options

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[428] 43502.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 543, and (3) cash-substitute positions described in Rule 35106.

[428] 43502.G. Termination of Trading

Futures trading shall terminate at 2:00 P.M. (Chicago time) on the last business day of the designated contract month

[428] 43502.H. Contract Modifications

Specifications shall be fixed as of the first day of trading of a contract. If any U.S. governmental agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules, and all open and new contracts shall be subject to such government orders.

[428] 43503. SETTLEMENT PROCEDURES

Delivery under the CME Lehman Brothers Aggregate Index futures contract shall be by cash settlement.

[428] 43503.A. Final Settlement Price

The Final Settlement Price shall be the final quotation of the Lehman Brothers U.S. Aggregate Index Value determined on the last business day of the contract month, rounded to the nearest one-hundredth (1/100th) of a percentage point. A Final Settlement Price equal to 1,305.34 is quoted to the nearest one-hundredth (1/100th) of a decimal point. If the Lehman Brothers U.S. Aggregate Index is not scheduled to be published on the last business day of the contract month, the Final Settlement Price shall be determined on the first earlier day for which the Index is scheduled to be published.

[428] 43503.B. Final Settlement

Clearing members holding open positions in a CME Lehman Brothers Aggregate Index futures contract at the time of termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

[428] 43504. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)

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[428] 43505. FAILURE TO PERFORM

If a clearing member fails to perform all acts required by this chapter, then that clearing member shall be deemed as failing to perform, which may be punishable as a major violation. The Board shall determine and assess losses sustained, taking into account the settlement price, interest earnings foregone, and such other factors as it deems appropriate. The Board may also assess such penalties as it deems appropriate in addition to damages.

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER [428] 435

LIMITATION OF LIABILITY AND DISCLAIMER

The CME Lehman Brothers U.S. Aggregate Index futures contract is not sponsored, endorsed, sold or promoted by Lehman Brothers Inc. ("Lehman"). Lehman makes no representation or warranty, express or implied, to the owners of the CME Lehman Brothers Aggregate Index futures contract or any member of the public regarding the advisability of investing in securities generally or in the CME Lehman Brothers Aggregate Index futures contract particularly or the ability of the Lehman Brothers U.S. Aggregate Index to track general commodity market performance. Lehman's only relationship to the Chicago Mercantile Exchange Inc. (together with its affiliates, "CME") is the licensing of the Lehman Brothers U.S. Aggregate Index which is determined, composed and calculated by Lehman without regard to the CME or the CME Lehman Brothers Aggregate Index futures contract. Lehman has no obligation to take the needs of the CME or the owners of the CME Lehman Brothers Aggregate Index futures contract into consideration in determining, composing or calculating the Lehman Brothers U.S. Aggregate Index. Lehman is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the CME Lehman Brothers Aggregate Index futures contract to be issued or in the determination or calculation of the equation by which the CME Lehman Brothers Aggregate Index futures contract is to be converted into cash. Lehman has no obligation or liability in connection with the administration, marketing or trading of the CME Lehman Brothers Aggregate Index futures contract.

LEHMAN DOES NOT GUARANTEE THE QUALITY, ACCURACY AND/OR THE COMPLETENESS OF THE LEHMAN BROTHERS U.S. AGGREGATE INDEX, OR ANY DATA INCLUDED THEREIN, OR OTHERWISE OBTAINED BY CME, OWNERS OF THE CME LEHMAN BROTHERS AGGREGATE INDEX FUTURES CONTRACT, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE LEHMAN BROTHERS U.S. AGGREGATE INDEX IN CONNECTION WITH THE RIGHTS LICENSED HEREUNDER OR FOR ANY OTHER USE. LEHMAN MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OF FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE LEHMAN BROTHERS U.S. AGGREGATE INDEX, OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL LEHMAN HAVE ANY LIABILITY FOR (1) THE ACCURACY, COMPLETENESS OR CURRENCY OF THE LEHMAN BROTHERS U.S. AGGREGATE INDEX OR FOR DELAYS OR OMISSIONS THEREIN, OR FOR INTERRUPTIONS IN THE DELIVERY OF THE LEHMAN BROTHERS U.S. AGGREGATE INDEX, OR (2) ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Lehman Brothers U.S. Aggregate Index and Lehman Brothers Aggregate Index are service marks of Lehman Brothers Holdings Inc.

**3. Rules Governing Options on CME Lehman Brothers
U.S. Aggregate Index Futures Contracts**

(Deletions are bracketed and overstruck, additions are underscored.)

Chapter ~~[428]~~ 435A: Options on CME Lehman Brothers U.S. Aggregate Index Futures

~~[428]~~ 435A00. SCOPE OF CHAPTER

This chapter is limited in application to trading in put and call options on CME Lehman Brothers U.S. Aggregate Index futures contracts. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

~~[428]~~ 435A01. OPTION CHARACTERISTICS

~~[428]~~ 435A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the Board of Directors.

~~[428]~~ 435A01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one respective CME Lehman Brothers U.S. Aggregate Index futures contract as specified in Chapter ~~[428]~~ 435.

~~[428]~~ 435A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the CME Lehman Brothers U.S. Aggregate Index futures. Each index point represents \$100. For example, a quote of 2 index points represents \$200. The minimum fluctuation shall be 0.10 index points (also known as one tick), equal to \$10.

~~[428]~~ 435A01.D. [Reserved]

~~[428]~~ 435A01.E. Exercise Prices

Exercise prices shall be stated in terms of the CME Lehman Brothers U.S. Aggregate Index futures contract. Eligible exercise prices shall be at intervals of 5.00 index points

At the commencement of option trading in a contract month, the Exchange shall list all exercise prices that are integers divisible by 5 without remainder *e.g.*, 1305.00, 1310.00, 1315.00, 1320.00, etc. in a range of 50.00 Index Value points above and below the previous day's settlement of the CME Lehman Brothers U.S. Aggregate Index futures contract. New options may be listed for trading up to and including the termination of trading.

Exchange staff, under delegated authority from the Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

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[428] 435A01.F. Position Limits

No person shall own or control a combination of options and underlying futures contracts that exceeds 5,000 futures-equivalent contracts net on the same side of the market in all contract months combined.

For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.

[428] 435A01.G. Accumulation of Positions

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

[428] 435A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing options positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 543 and shall not apply to other option positions exempted pursuant to Rule 543.

[428] 435A01.I. Termination of Trading

Options in the March Quarterly Cycle

For options that expire in the March quarterly cycle, options trading shall terminate at the same date and time as the underlying futures contract.

[428] 435A01.J. Contract Modification

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency or duly constituted body thereof issues an order, ruling, directive or law inconsistent with these rules, such order, ruling, directive or law shall be construed to become part of these rules and all open and new options contracts shall be subject to such governmental orders.

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[428] 435A02. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of options on CME Lehman Brothers U.S. Aggregate Index futures.

[428] 435A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer on any business day the option is traded. Exercise of an option is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer, be exercised automatically.

[428] 435A02.B. Assignment

Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes before the opening of Regular Trading Hours in the underlying futures contract on the following business day.

The clearing member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call is exercised or a long position if a put is exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call is exercised and a short position if a put is exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the trading day of acceptance by the Clearing House of the exercise notice.

[428] 435A03. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)

(End Chapter [428] 435A)

**INTERPRETATIONS AND SPECIAL NOTICES
RELATING TO CHAPTER [428] 435A**

LIMITATION OF LIABILITY AND DISCLAIMER

The CME Lehman Brothers U.S. Aggregate Index options on futures contract is not sponsored, endorsed, sold or promoted by Lehman Brothers Inc. ("Lehman"). Lehman makes no representation or warranty, express or implied, to the owners of the CME Lehman Brothers Aggregate Index options on futures contract or any member of the public regarding the advisability of investing in securities generally or in the CME Lehman Brothers Aggregate Index options on futures contract particularly or the ability of the Lehman Brothers U.S. Aggregate Index to track general commodity market performance. Lehman's only relationship to the Chicago Mercantile Exchange Inc. (together with its affiliates, "CME") is the licensing of the Lehman Brothers U.S. Aggregate Index which is determined, composed and calculated by Lehman without regard to the CME or the CME Lehman Brothers Aggregate Index options on futures contract. Lehman has no obligation to take the needs of the CME or the owners of the CME Lehman Brothers Aggregate Index options on futures contract into consideration in determining, composing or calculating the Lehman Brothers U.S. Aggregate Index. Lehman is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the CME Lehman Brothers Aggregate Index options on futures contract to be issued or in the determination or calculation of the equation by which the CME Lehman Brothers Aggregate Index futures contract is to be converted into cash. Lehman has no obligation or liability in connection with the administration, marketing or trading of the CME Lehman Brothers Aggregate Index options on futures contract.

LEHMAN DOES NOT GUARANTEE THE QUALITY, ACCURACY AND/OR THE COMPLETENESS OF THE LEHMAN BROTHERS U.S. AGGREGATE INDEX, OR ANY DATA INCLUDED THEREIN, OR OTHERWISE OBTAINED BY CME, OWNERS OF THE CME LEHMAN BROTHERS AGGREGATE INDEX OPTIONS ON FUTURES CONTRACT), OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE LEHMAN BROTHERS U.S. AGGREGATE INDEX IN CONNECTION WITH THE RIGHTS LICENSED HEREUNDER OR FOR ANY OTHER USE. LEHMAN MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OF FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE LEHMAN BROTHERS U.S. AGGREGATE INDEX, OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL LEHMAN HAVE ANY LIABILITY FOR (1) THE ACCURACY, COMPLETENESS OR CURRENCY OF THE LEHMAN BROTHERS U.S. AGGREGATE INDEX OR FOR DELAYS OR OMISSIONS THEREIN, OR FOR INTERRUPTIONS IN THE DELIVERY OF THE LEHMAN BROTHERS U.S. AGGREGATE INDEX, OR (2) ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

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**CLARIFICATION OF NON-AGRICULTURAL OPTION
SPECULATIVE POSITION LIMIT RULE**

(Special Executive Report S-1618, March 31, 1986)

Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures position that exceeds the futures position limit rule if that gross position is part of a spread with options, such that the net position across options and futures is less than the applicable limit set in the options rule.

4. Rules Governing CME Lehman Brothers
U.S. Aggregate Index Futures Contracts
(Clean Copy)

CHAPTER 435: CME Lehman Brothers U.S. Aggregate Index Futures

43500. SCOPE OF CHAPTER

This chapter is limited in application to futures trading in the Lehman Brothers U.S. Aggregate Index. The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

43501. COMMODITY SPECIFICATIONS

Each futures contract shall be valued at \$100.00 times the Lehman Brothers U.S. Aggregate Index Value. The Lehman Brothers U.S. Aggregate Index Value is equal to the Lehman Brothers U.S. Aggregate Index plus 100. The Lehman Brothers U.S. Aggregate Index is a total return, value-weighted composite index of U.S. dollar denominated investment grade fixed income instruments.

43502. FUTURES CALL

43502.A. Trading Schedule

Futures contracts shall be scheduled for trading during such hours and for delivery in such months as may be determined by the Board of Directors.

43502.B. Trading Unit

The unit of trading shall be \$100.00 times the Lehman Brothers U.S. Aggregate Index Value.

43502.C. Price Increments

Bids and offers shall be quoted in terms of the Lehman Brothers U.S. Aggregate Index Value. The minimum fluctuation of the futures contract shall be 0.20 index points, equivalent to \$20.00 per contract.

43502.D. Position Limits

A person shall not own or control more than 5,000 contracts net long or net short in all contract months combined. For positions involving options on CME Lehman Brothers U.S. Aggregate Index futures, this rule is superseded by the option speculative position limit rule.

43502.E. Accumulation of Positions

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

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43502.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 543, and (3) cash-substitute positions described in Rule 35106.

43502.G. Termination of Trading

Futures trading shall terminate at 2:00 P.M. (Chicago time) on the last business day of the designated contract month

43502.H. Contract Modifications

Specifications shall be fixed as of the first day of trading of a contract. If any U.S. governmental agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules, and all open and new contracts shall be subject to such government orders.

43503. SETTLEMENT PROCEDURES

Delivery under the CME Lehman Brothers Aggregate Index futures contract shall be by cash settlement.

43503.A. Final Settlement Price

The Final Settlement Price shall be the final quotation of the Lehman Brothers U.S. Aggregate Index Value determined on the last business day of the contract month, rounded to the nearest one-hundredth (1/100th) of a percentage point. A Final Settlement Price equal to 1,305.34 is quoted to the nearest one-hundredth (1/100th) of a decimal point. If the Lehman Brothers U.S. Aggregate Index is not scheduled to be published on the last business day of the contract month, the Final Settlement Price shall be determined on the first earlier day for which the Index is scheduled to be published.

43503.B. Final Settlement

Clearing members holding open positions in a CME Lehman Brothers Aggregate Index futures contract at the time of termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

43504. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)

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43505. FAILURE TO PERFORM

If a clearing member fails to perform all acts required by this chapter, then that clearing member shall be deemed as failing to perform, which may be punishable as a major violation. The Board shall determine and assess losses sustained, taking into account the settlement price, interest earnings foregone, and such other factors as it deems appropriate. The Board may also assess such penalties as it deems appropriate in addition to damages.

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 435

LIMITATION OF LIABILITY AND DISCLAIMER

The CME Lehman Brothers U.S. Aggregate Index futures contract is not sponsored, endorsed, sold or promoted by Lehman Brothers Inc. ("Lehman"). Lehman makes no representation or warranty, express or implied, to the owners of the CME Lehman Brothers Aggregate Index futures contract or any member of the public regarding the advisability of investing in securities generally or in the CME Lehman Brothers Aggregate Index futures contract particularly or the ability of the Lehman Brothers U.S. Aggregate Index to track general commodity market performance. Lehman's only relationship to the Chicago Mercantile Exchange Inc. (together with its affiliates, "CME") is the licensing of the Lehman Brothers U.S. Aggregate Index which is determined, composed and calculated by Lehman without regard to the CME or the CME Lehman Brothers Aggregate Index futures contract. Lehman has no obligation to take the needs of the CME or the owners of the CME Lehman Brothers Aggregate Index futures contract into consideration in determining, composing or calculating the Lehman Brothers U.S. Aggregate Index. Lehman is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the CME Lehman Brothers Aggregate Index futures contract to be issued or in the determination or calculation of the equation by which the CME Lehman Brothers Aggregate Index futures contract is to be converted into cash. Lehman has no obligation or liability in connection with the administration, marketing or trading of the CME Lehman Brothers Aggregate Index futures contract.

LEHMAN DOES NOT GUARANTEE THE QUALITY, ACCURACY AND/OR THE COMPLETENESS OF THE LEHMAN BROTHERS U.S. AGGREGATE INDEX, OR ANY DATA INCLUDED THEREIN, OR OTHERWISE OBTAINED BY CME, OWNERS OF THE CME LEHMAN BROTHERS AGGREGATE INDEX FUTURES CONTRACT, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE LEHMAN BROTHERS U.S. AGGREGATE INDEX IN CONNECTION WITH THE RIGHTS LICENSED HEREUNDER OR FOR ANY OTHER USE. LEHMAN MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OF FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE LEHMAN BROTHERS U.S. AGGREGATE INDEX, OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL LEHMAN HAVE ANY LIABILITY FOR (1) THE ACCURACY, COMPLETENESS OR CURRENCY OF THE LEHMAN BROTHERS U.S. AGGREGATE INDEX OR FOR DELAYS OR OMISSIONS THEREIN, OR FOR INTERRUPTIONS IN THE DELIVERY OF THE LEHMAN BROTHERS U.S. AGGREGATE INDEX, OR (2) ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

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**5. Rules Governing Options on CME Lehman Brothers
U.S. Aggregate Index Futures Contracts**
(Clean Copy)

Chapter 435A: Options on CME Lehman Brothers U.S. Aggregate Index Futures

435A00. SCOPE OF CHAPTER

This chapter is limited in application to trading in put and call options on CME Lehman Brothers U.S. Aggregate Index futures contracts. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

435A01. OPTION CHARACTERISTICS

435A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the Board of Directors.

435A01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one respective CME Lehman Brothers U.S. Aggregate Index futures contract as specified in Chapter 435.

435A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the CME Lehman Brothers U.S. Aggregate Index futures. Each index point represents \$100. For example, a quote of 2 index points represents \$200. The minimum fluctuation shall be 0.10 index points (also known as one tick), equal to \$10.

435A01.D. [Reserved]

435A01.E. Exercise Prices

Exercise prices shall be stated in terms of the CME Lehman Brothers U.S. Aggregate Index futures contract. Eligible exercise prices shall be at intervals of 5.00 index points

At the commencement of option trading in a contract month, the Exchange shall list all exercise prices that are integers divisible by 5 without remainder *e.g.*, 1305.00, 1310.00, 1315.00, 1320.00, etc. in a range of 50.00 Index Value points above and below the previous day's settlement of the CME Lehman Brothers U.S. Aggregate Index futures contract. New options may be listed for trading up to and including the termination of trading.

Exchange staff, under delegated authority from the Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

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435A01.F. Position Limits

No person shall own or control a combination of options and underlying futures contracts that exceeds 5,000 futures-equivalent contracts net on the same side of the market in all contract months combined.

For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.

435A01.G. Accumulation of Positions

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

435A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing options positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 543 and shall not apply to other option positions exempted pursuant to Rule 543.

435A01.I. Termination of Trading

Options in the March Quarterly Cycle

For options that expire in the March quarterly cycle, options trading shall terminate at the same date and time as the underlying futures contract.

435A01.J. Contract Modification

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency or duly constituted body thereof issues an order, ruling, directive or law inconsistent with these rules, such order, ruling, directive or law shall be construed to become part of these rules and all open and new options contracts shall be subject to such governmental orders.

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435A02. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of options on CME Lehman Brothers U.S. Aggregate Index futures.

435A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer on any business day the option is traded. Exercise of an option is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer, be exercised automatically.

435A02.B. Assignment

Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes before the opening of Regular Trading Hours in the underlying futures contract on the following business day.

The clearing member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call is exercised or a long position if a put is exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call is exercised and a short position if a put is exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the trading day of acceptance by the Clearing House of the exercise notice.

435A03. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)

(End Chapter 435A)

**INTERPRETATIONS AND SPECIAL NOTICES
RELATING TO CHAPTER 435A**

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**CLARIFICATION OF NON-AGRICULTURAL OPTION
SPECULATIVE POSITION LIMIT RULE**
(Special Executive Report S-1618, March 31, 1986)

Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures position that exceeds the futures position limit rule if that gross position is part of a spread with options, such that the net position across options and futures is less than the applicable limit set in the options rule.