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May 24, 2005

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

OFFICE OF THE SECRETARIAT

2005 MAY 25 AM 8:04

RECEIVED  
C.F.T.C.

RE: Section 5c(c)(1), Part 40.6 – Amendments to Chapters 357, 359, and 377  
Nasdaq 100, E-Mini Nasdaq 100, and Nasdaq Composite  
Index Futures . CME Submission# 05-55.

Dear Ms. Webb:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) hereby notifies the Commission of a rule amendment to the Nasdaq 100, E-Mini Nasdaq 100, and Nasdaq Composite Index Futures contracts.

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

Currently the Nasdaq Index futures are settled to Special Opening Quotations based upon the Volume Weighted Prices of the underlying stocks. Nasdaq has successfully implemented a market opening cross mechanism whereby a single unified opening price is determined for each underlying stock. Therefore, the calculation method for all expiring Nasdaq Index futures shall be converted from the existing method to one that is based on a single opening price. The changes in Nasdaq final settlement price procedures necessitates an amendment to the Exchange’s rule language for all Nasdaq contracts. Please note that these changes will become effective with the June 2005 expirations.

The amendments follow below with additions underlined, and deletions bracketed and struck out.

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

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[ahantin@cme.com](mailto:ahantin@cme.com). Please reference our CME Submission #05-55 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, sweeping flourish 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

## Text of Rule Amendments

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

### CHAPTER 357 NASDAQ 100 Index Futures

#### 35703.A. Final Settlement Price

The Final Settlement Price shall be determined on the third Friday of the contract month or, if the Nasdaq 100 Index is not scheduled to be published for that day, on the first earlier day for which the Index is scheduled to be published.

The final settlement price shall be a Special Opening Quotation of the Nasdaq 100 Index to be determined by the Nasdaq Stock Market Inc. ("Nasdaq"). If the Nasdaq does not open on the day scheduled for the determination of the Final Settlement Price, then the Final Settlement Price shall be the Special Opening Quotation of the first subsequent day on which Nasdaq does open.

The Special Opening Quotation of the Nasdaq 100 Index shall be based on [~~Volume Weighted Prices (VWP)~~] the Nasdaq Official Opening Price (NOOP) of Nasdaq 100 Index stocks. [~~The VWP of a stock shall be computed from transaction prices in the five-minute period beginning with its first transaction price at or after 8:30 a.m. Chicago time, as reported by Nasdaq.]~~]

[~~The VWP of a stock in the index shall be a weighted average of its transaction prices during this five minute period. The weight associated with a particular transaction price shall be the fraction of the total volume of trade during this five minute period which was executed at this transaction price.~~]

[~~If the first transaction of a stock occurs after 2:55 PM, Chicago time, then its VWP shall be computed from transaction prices reported before 3:00 p.m., Chicago time. If a stock does not trade after 8:30 a.m. and before 3:00 p.m., Chicago time, then its VWP shall be its closing price from the previous day.~~] If a component stock in the index does not trade after 8:30 a.m. and before 3:00 p.m. on the day scheduled for determination of the Final Settlement Price while Nasdaq is open for trading, the price of that stock shall be determined, for the purposes of calculating the Final Settlement Price, based on the closing price of that stock on the preceding trading day. However, if the President of the Exchange or his delegate determines that there is a reasonable likelihood that trading in the stock shall occur shortly, the President or his delegate may instruct that the price of stock shall be based, for the purposes of calculating the Final Settlement Price, on the NOOP [~~opening price~~] of the stock on the next day that it is traded on its primary market. Factors to be considered in determining whether trading in the stock is likely to occur shortly shall include the nature of the event and recent liquidity levels in the affected stock.

[~~With the exception of trade reports with .O modifiers<sup>23</sup>, trade reports that do not have modifiers attached to them shall be used for the computation of VWPs.~~]

CHAPTER 359  
E-mini NASDAQ 100 Index® Futures

**35903.A. Final Settlement Price**

The Final Settlement Price shall be determined on the third Friday of the contract month or, if the Nasdaq 100 Index is not scheduled to be published for that day, on the first earlier day for which the Index is scheduled to be published.

The Final Settlement Price shall be a Special Opening Quotation of the Nasdaq 100 Index to be determined by the Nasdaq Stock Market Inc. ("Nasdaq"). If the Nasdaq does not open on the day scheduled for the determination of the Final Settlement Price, then the Final Settlement Price shall be the Special Opening Quotation of the first subsequent day on which Nasdaq does open.

The Special Opening Quotation of the Nasdaq 100 Index shall be based on [~~Volume-Weighted Pries (VWP)~~] the Nasdaq Official Opening Price (NOOP) of Nasdaq 100 Index stocks. [~~The VWP of a stock shall be computed from transaction prices in the five-minute period beginning with its first transaction price at or after 8:30 a.m. Chicago time, as reported by Nasdaq.~~]

[~~The VWP of a stock in the index shall be a weighted average of its transaction prices during this five-minute period. The weight associated with a particular transaction price shall be the fraction of the total volume of trade during this five-minute period which was executed at this transaction price.~~]

[~~If the first transaction of a stock occurs after 2:55 p.m., Chicago time, then its VWP shall be computed from transaction prices reported before 3:00 p.m., Chicago time. If a stock does not trade after 8:30 a.m. and before 3:00 p.m., Chicago time, then its VWP shall be its closing price from the previous day.~~] If a component stock in the index does not trade after 8:30 a.m. and before 3:00 p.m. on the day scheduled for determination of the Final Settlement Price while Nasdaq is open for trading, the price of that stock shall be determined, for the purposes of calculating the Final Settlement Price, based on the closing price of that stock on the preceding trading day. However, if the President of the Exchange or his delegate determines that there is a reasonable likelihood that trading in the stock shall occur shortly, the President or his delegate may instruct that the price of stock shall be based, for the purposes of calculating the Final Settlement Price, on the NOOP [~~opening price~~] of the stock on the next day that it is traded on its primary market. Factors to be considered in determining whether trading in the stock is likely to occur shortly shall include the nature of the event and recent liquidity levels in the affected stock.

[~~With the exception of trade reports with O modifiers, trade reports that do not have modifiers attached to them shall be used for the computation of VWPs.~~]

**CHAPTER 377**  
**E-mini NASDAQ Composite Index Futures**

**37703.A. Final Settlement Price**

The Final Settlement Price shall be determined on the third Friday of the contract month or, if the NASDAQ Composite Index is not scheduled to be published for that day, on the first earlier day for which the Index is scheduled to be published.

The final settlement price shall be a Special Opening Quotation of the NASDAQ Composite Index to be determined by the NASDAQ Stock Market Inc. ("NASDAQ"). If the NASDAQ does not open on the day scheduled for the determination of the Final Settlement Price, then the Final Settlement Price shall be the Special Opening Quotation of the first subsequent day on which NASDAQ does open.

The Special Opening Quotation of the Nasdaq 100 Index shall be based on [~~Volume Weighted Prices (VWP)~~] the Nasdaq Official Opening Price (NOOP) of Nasdaq 100 Index stocks. [~~The VWP of a stock shall be computed from transaction prices in the five-minute period beginning with its first transaction price at or after 8:30 a.m. Chicago time, as reported by NASDAQ.~~]

[~~The VWP of a stock in the index shall be a weighted average of its transaction prices during this five-minute period. The weight associated with a particular transaction price shall be the fraction of the total volume of trade during this five-minute period which was executed at this transaction price.~~]

[~~If the first transaction of a stock occurs after 2:55 p.m., Chicago time, then its VWP shall be computed from transaction prices reported before 3:00 p.m., Chicago time. If a stock does not trade after 8:30 a.m. and before 3:00 p.m., Chicago time, then its VWP shall be its closing price from the previous day.~~] If a component stock in the index does not trade after 8:30 a.m. and before 3:00 p.m. on the day scheduled for determination of the Final Settlement Price while Nasdaq is open for trading, the price of that stock shall be determined, for the purposes of calculating the Final Settlement Price, based on the closing price of that stock on the preceding trading day. However, if the President of the Exchange or his delegate determines that there is a reasonable likelihood that trading in the stock shall occur shortly, the President or his delegate may instruct that the price of stock shall be based, for the purposes of calculating the Final Settlement Price, on the NOOP [opening price] of the stock on the next day that it is traded on its primary market. Factors to be considered in determining whether trading in the stock is likely to occur shortly shall include the nature of the event and recent liquidity levels in the affected stock.

[~~With the exception of trade reports with O modifiers, trade reports that do not have modifiers attached to them shall be used for the computation of VWPs.~~]

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**CHAPTER 357**  
**NASDAQ 100 Index Futures**

**35703.A. Final Settlement Price**

The Final Settlement Price shall be determined on the third Friday of the contract month or, if the Nasdaq 100 Index is not scheduled to be published for that day, on the first earlier day for which the Index is scheduled to be published.

The final settlement price shall be a Special Opening Quotation of the Nasdaq 100 Index to be determined by the Nasdaq Stock Market Inc. ("Nasdaq"). If the Nasdaq does not open on the day scheduled for the determination of the Final Settlement Price, then the Final Settlement Price shall be the Special Opening Quotation of the first subsequent day on which Nasdaq does open.

The Special Opening Quotation of the Nasdaq 100 Index shall be based on the Nasdaq Official Opening Price (NOOP) of Nasdaq 100 Index stocks.

If a component stock in the index does not trade after 8:30 a.m. and before 3:00 p.m. on the day scheduled for determination of the Final Settlement Price while Nasdaq is open for trading, the price of that stock shall be determined, for the purposes of calculating the Final Settlement Price, based on the closing price of that stock on the preceding trading day. However, if the President of the Exchange or his delegate determines that there is a reasonable likelihood that trading in the stock shall occur shortly, the President or his delegate may instruct that the price of stock shall be based, for the purposes of calculating the Final Settlement Price, on the NOOP of the stock on the next day that it is traded on its primary market. Factors to be considered in determining whether trading in the stock is likely to occur shortly shall include the nature of the event and recent liquidity levels in the affected stock.

**CHAPTER 359**  
**E-mini NASDAQ 100 Index® Futures**

**35903.A. Final Settlement Price**

The Final Settlement Price shall be determined on the third Friday of the contract month or, if the Nasdaq 100 Index is not scheduled to be published for that day, on the first earlier day for which the Index is scheduled to be published.

The Final Settlement Price shall be a Special Opening Quotation of the Nasdaq 100 Index to be determined by the Nasdaq Stock Market Inc. ("Nasdaq"). If the Nasdaq does not open on the day scheduled for the determination of the Final Settlement Price, then the Final Settlement Price shall be the Special Opening Quotation of the first subsequent day on which Nasdaq does open.

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The Special Opening Quotation of the Nasdaq 100 Index shall be based on the Nasdaq Official Opening Price (NOOP) of Nasdaq 100 Index stocks.

If a component stock in the index does not trade after 8:30 a.m. and before 3:00 p.m. on the day scheduled for determination of the Final Settlement Price while Nasdaq is open for trading, the price of that stock shall be determined, for the purposes of calculating the Final Settlement Price, based on the closing price of that stock on the preceding trading day. However, if the President of the Exchange or his delegate determines that there is a reasonable likelihood that trading in the stock shall occur shortly, the President or his delegate may instruct that the price of stock shall be based, for the purposes of calculating the Final Settlement Price, on the NOOP of the stock on the next day that it is traded on its primary market. Factors to be considered in determining whether trading in the stock is likely to occur shortly shall include the nature of the event and recent liquidity levels in the affected stock.

## **CHAPTER 377**

### **E-mini NASDAQ Composite Index Futures**

#### **37703.A. Final Settlement Price**

The Final Settlement Price shall be determined on the third Friday of the contract month or, if the NASDAQ Composite Index is not scheduled to be published for that day, on the first earlier day for which the Index is scheduled to be published.

The final settlement price shall be a Special Opening Quotation of the NASDAQ Composite Index to be determined by the NASDAQ Stock Market Inc. ("NASDAQ"). If the NASDAQ does not open on the day scheduled for the determination of the Final Settlement Price, then the Final Settlement Price shall be the Special Opening Quotation of the first subsequent day on which NASDAQ does open.

The Special Opening Quotation of the Nasdaq 100 Index shall be based the Nasdaq Official Opening Price (NOOP) of Nasdaq 100 Index stocks.

If a component stock in the index does not trade after 8:30 a.m. and before 3:00 p.m. on the day scheduled for determination of the Final Settlement Price while Nasdaq is open for trading, the price of that stock shall be determined, for the purposes of calculating the Final Settlement Price, based on the closing price of that stock on the preceding trading day. However, if the President of the Exchange or his delegate determines that there is a reasonable likelihood that trading in the stock shall occur shortly, the President or his delegate may instruct that the price of stock shall be based, for the purposes of calculating the Final Settlement Price, on the NOOP of the stock on the next day that it is traded on its primary market. Factors to be considered in determining whether trading in the stock is likely to occur shortly shall include the nature of the event and recent liquidity levels in the affected stock.