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October 10, 2005

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

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C.F.T.C.
2005 OCT 11 AM 7:33
OFC. OF THE SECRETARIAT

RE: Section 5c(c)(1), Part 40.6 – Amendments to the Globex Trade
Cancellations policies. CME Submission# 05-101.

Dear Ms. Webb:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) hereby notifies the Commission of Amendments to the Globex Trade Cancellations policy. As approved by CME Staff through delegate authority, the Exchange will amend the No Bust Range on various contracts.

The Exchange certifies that these amendments comply with the Act and rules thereunder.

Staff has determined that a more narrow no bust range in the interest rate options contracts will provide greater certainty to individuals trading those contracts. In addition, a narrower range will maintain similar parity with the underlying contracts’ no bust ranges. Staff has also determined that the current no bust ranges for several equity index contracts are no longer relevant due to changes in various markets’ volatilities. The amendments made to these no bust ranges are needed in order to reflect the current market environment. These amendments are to become effective on October 16, 2005.

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 ahantin@cme.com. Please reference our CME Submission #05-101 on all future correspondence regarding this notification.

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Sincerely,

A handwritten signature in black ink, appearing to read "John W. Labuszewski". The signature is fluid and cursive, with a large initial "J" and "L".

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.)

588. GLOBEX TRADE CANCELLATIONS

[No changes to sections 588.A.-588.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. Eurodollar and LIBOR Futures Contracts

If the GCC determines that a trade price is outside the applicable No Bust Range, 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. Eurodollar and LIBOR Futures Contracts – Non-Implied Combination Trades

Non-implied combination Eurodollar and LIBOR trades, such as packs and bundles, which are priced outside of the No Bust Range, may be busted. If the GCC determines that the trade price is outside the No Bust Range, the GCC shall bust such combination trades. The GCC will promptly issue an alert indicating that trades outside the No Bust Range have been busted.

c. All Other Futures and Option Contracts

If the GCC determines that the trade price is outside the No Bust Range, 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. Eurodollar and LIBOR Futures 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. Eurodollar and LIBOR Futures 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. Eurodollar and LIBOR Futures 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 sections 588.D.-588.J.]

588.K. GLOBEX No Bust Ranges

Futures [Contracts]

No Bust Range

Eurodollar and LIBOR
[LIBOR]

2.5 basis points or less
[5-basis points or less]

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T-Bills	5 basis points or less
Fed Fund "Turn"	50 basis points or less
Agency Notes	16 ticks or less
Swaps	5 basis points or less
TIIE and CETES	30 ticks or less
CPI Futures	5 basis points or less
<u>Eurozone HICP</u>	<u>25 basis points or less</u>
Currency Futures (except British pound)	20 ticks or less
British Pound Futures	30 ticks or less
S&P 500 and E-mini S&P 500	6.00 index points or less
S&P BARRA Growth	4.00 index points or less
S&P BARRA Value	4.00 index points or less
S&P Midcap 400 and E-mini S&P Midcap 400	[3] 4.00 index points or less
S&P Smallcap 600	[3] 4.00 index points or less
E-mini S&P Asia 50	12.00 index points or less
<u>S&P 500 Depository Receipts</u>	<u>.60 index points or less</u>
Russell 2000 and E-mini Russell 2000	[3] 4.00 index points or less
<u>iShares Russell 2000</u>	<u>.30 index points or less</u>
E-mini Russell 1000	[3] 4.00 index points or less
Nasdaq-100 and E-mini Nasdaq-100	[20] 12.00 index points or less
E-mini Nasdaq Composite	[20] 12.00 index points or less
<u>E-mini Nasdaq Bio Tech</u>	<u>12.00 index points or less</u>
<u>Nasdaq-100 Index Tracking Stock</u>	<u>.30 index points or less</u>
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
TRAKRS Futures	10 cents or less
Goldman Sachs Commodity Index	2.50 index points or less
CME Weather	25.00 index points or less
Lean Hogs	\$0.0075 per pound or less
Live Cattle	\$0.0075 per pound or less
Feeder Cattle	\$0.0075 per pound or less
Pork Bellies	\$0.0075 per pound or less
<u>Butter (Cash Settled)</u>	<u>\$0.0075 per pound or less</u>
NYMEX Light Sweet Crude Oil e-miNY	6 ticks or less
NYMEX Natural Gas e-miNY	16 ticks 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

Futures Combinations [Trades]

All Eurodollar Combinations	2.5 basis points or less
Intra-Commodity (non-ED) Futures Spreads	5 ticks or less
Inter-Commodity (non-ED) Futures Spreads	The wider of the no bust ranges of the two individual legs

Options on Futures [Contract Prices]

No Bust Range

Interest Rate Options

<u>Prices below or equal to 5 basis points</u> [6 ticks]	<u>1 basis point</u> [tick]
<u>Prices greater than 5 through 15 basis points</u> [6 through 15 ticks]	<u>1.5 basis points</u> [2 ticks or less]
<u>Prices greater than 15 through 25 basis points</u> [16 through 30 ticks]	<u>2 basis points</u> [3 ticks or less]
<u>Prices greater than 25 basis points</u> [31 through 50 ticks]	<u>2.5 basis points</u> [4 ticks or less]
[51 ticks and above]	[5 ticks or less]

Equity Index Options

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

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

<u>Interest Rate Options (Deltas greater than 50%)</u>	<u>2.5 basis points</u>
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[All Other Options]

[Below 6]	[Eligible for busting]
[6 through 10]	[3 ticks or less]
[11 through 20]	[4 ticks or less]
[21 through 50]	[5 ticks or less]
[51 through 100]	[7 ticks or less]
[101 and above]	[10 ticks or less]

[Combination Trades]

[All Eurodollar Combinations]	[2.5 basis points or less]
[Intra Commodity (non ED) Futures Spreads]	[5 ticks or less]
[Inter Commodity (non ED) Futures Spreads]	[The wider of the no bust ranges of the two individual legs]

Clean Copy of Rule Amendments

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588.K. GLOBEX No Bust Ranges

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British Pound Futures	30 ticks or less
S&P 500 and E-mini S&P 500	6.00 index points or less
S&P BARRA Growth	4.00 index points or less
S&P BARRA 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
S&P 500 Depositary Receipts	.60 index points or less
Russell 2000 and E-mini Russell 2000	4.00 index points or less
iShares Russell 2000	.30 index points or less
E-mini Russell 1000	4.00 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 Bio Tech	12.00 index points or less
Nasdaq-100 Index Tracking Stock	.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
TRAKRS Futures	10 cents or less
Goldman Sachs Commodity Index	2.50 index points or less
CME Weather	25.00 index points or less
Lean Hogs	\$0.0075 per pound or less
Live Cattle	\$0.0075 per pound or less
Feeder Cattle	\$0.0075 per pound or less
Pork Bellies	\$0.0075 per pound or less
Butter (Cash Settled)	\$0.0075 per pound or less
NYMEX Light Sweet Crude Oil e-miNY	6 ticks or less
NYMEX Natural Gas e-miNY	16 ticks or less
Urea	\$3 per ton or less
DAP	\$3 per ton or less

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UAN	\$3 per ton or less
Ethanol	\$.025 per gallon or less

Futures Combinations

All Eurodollar Combinations	2.5 basis points or less
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Options on Futures	No Bust Range
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Interest Rate Options

Prices below or equal to 5 basis points	1 basis point
Prices greater than 5 through 15 basis points	1.5 basis points
Prices greater than 15 through 25 basis points	2 basis points
Prices greater than 25 basis points	2.5 basis points

Equity Index Options

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

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

Interest Rate Options (Deltas greater than 50%)	2.5 basis points
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