

RECEIVED  
2006

2005 DEC 21 PM 4: 24

OFFICE OF THE SECRETARIAT

**cme**   
Chicago Mercantile Exchange

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

312/930.1000 tel  
312/466.4410 fax

December 21, 2006

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

RE: Exchange Certification of Amendments to LMC II TRAKRS<sup>SM</sup>  
Futures Submitted per Commission Regulation Sec. 40.6(a).  
CME Submission #05-136.

Dear Ms. Webb:

Chicago Mercantile Exchange Inc. ("CME" or "the Exchange") hereby certifies amendments to Rules associated with the LMC II TRAKRS<sup>SM</sup> futures contract per Commission Regulation Sec. 40.6(a).<sup>1</sup> We intend to make these amendments effective immediately. The Exchange certifies that these actions neither violate nor are inconsistent with any portion of the Commodity Exchange Act or of the rules thereunder.

These amendments are technical in nature and relate to scheduling issues associated with the initial opening of the contract. Appendix 1 provides the text of the Rule amendments with additions underlined and deletions bracketed and overstruck; Appendix 2 provides a clean copy of the Rules as amended.

If you require any additional information regarding this matter, please do not hesitate to contact me at 312-466-7469 or via e-mail at [jlab@cme.com](mailto:jlab@cme.com). Please reference our CME Submission #05-136 on all future correspondence regarding this notification.

Sincerely,



John W. Labuszewski, Managing Director  
Research & Product Development

<sup>1</sup> The Exchange originally certified LMC II TRAKRS futures with the Commission by CME Submission #05-132 dated December 16, 2006.

## **Appendix 1: Rule Amendments**

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

### **369A01.B. Index Value During Initial Multiplier Determination Period**

The value of the Index during the Initial Multiplier Determination Period will equal (a) the sum of the products of the Underlying Index and the partial multipliers fixed to date, each as adjusted by the Adjustment Factor (the "Fixed Amount") plus (b) the Allotted Amounts that remain unfixed plus the applicable Accruals (the "Unfixed Amount").

For example, following the second Fixing on [~~January 30, 2006~~] February 1, 2006, the Fixed Amount will equal the sum of (1) the product of Partial Multiplier #1, as adjusted for the Adjustment Factor, and the value of the Underlying Index at such time, and (2) the product of the Partial Multiplier #2, and the value of the Underlying Index at such time. Such Fixed Amount will represent the portion of the Index that is subject to price movements in the Underlying Index components. The Unfixed Amount will equal the remaining 60% of the initial Index value that has not yet been fixed, plus any applicable Accruals, and therefore represents a cash equivalent amount with interest that is not yet subject to price movements in the Underlying Index components.

More generally, at any time during the Initial Multiplier Determination Period, the Fixed Amount will equal the sum of each partial multiplier, as adjusted by the Adjustment Factor, that has been determined up to that time multiplied by the value of the Underlying Index and the Unfixed Amount will equal the unfixed Allotted Amounts plus the interest accrued on such amounts up to that time.

The Initial Multiplier Determination Period shall be the five business day period commencing on [~~February 1, 2006 and concluding on February 7, 2006~~] January 31, 2006 and concluding on February 6, 2006.

### **369A02.K. Special Opening Procedures**

Special Opening Procedures shall be employed to facilitate an orderly market in LMC II TRAKRS futures. These Special Opening Procedures shall be conducted during a Special Marketing Period. This Special Marketing Period shall commence on the Commencement Date of December 20, 2005; and, shall culminate in a Special Opening at 3:00 p.m. (Chicago time) on the Initial Open Date of January 31, 2006.

During the Special Marketing Period, FCMs and notice-registered BDs per Rule 36904.B. may solicit customer orders to buy or sell LMC II TRAKRS futures at a specified limit bid price or limit offer price, respectively. The Special Marketing Period shall conclude at [~~1:00 p.m.~~] 10:00 a.m. (Chicago time) on the Initial Open Date. Clearing Members shall report their limit buy and limit sell orders to the Exchange in a manner and format specified by the Exchange by [~~1:00 p.m.~~] 10:00 a.m. (Chicago time) on the Initial Open Date.

**Ms. Jean A. Webb**  
**December 21, 2006**  
**Page 4 of 6**

The Exchange shall thereupon match purchase and sale orders based upon an Allocation Algorithm and report such matches to Clearing Members. The Exchange shall match buy orders to sell orders prioritized by sell price. At each sell price at which buy orders will be matched, buy orders with limit prices equal to or greater than the sell price shall be allocated on a pro rata basis. If multiple sell orders are received at the same limit price, and the total sell order quantity exceeds the total buy order quantity that may be matched at that price, the allocation of orders shall be made on a pro rata basis by reference to the quantities associated with such orders, subject to the restriction that all sell orders at that price are filled before a proprietary sell order of Merrill Lynch, if any.

The Exchange reserves the authority to limit the size of the open interest created as a result of these Special Opening Procedures. The Exchange further reserves the authority to delay the Initial Open Date if it determines in its discretion that market conditions are not conducive to an orderly opening.

The Initial Index Value shall be established at 3:00 p.m. (Chicago time) by Merrill Lynch, acting in its capacity as Index Compilation Agent. The Initial Index Value shall be established at 25.00 Index Points.

Subsequent to the conclusion of these Special Opening Procedures, trading shall be conducted on the CME® Globex® electronic trading platform per the Rules of the Exchange, commencing February 1, 2006.

## Appendix 2: Clean Copy of Rule Amendments

### 369A01.B. Index Value During Initial Multiplier Determination Period

The value of the Index during the Initial Multiplier Determination Period will equal (a) the sum of the products of the Underlying Index and the partial multipliers fixed to date, each as adjusted by the Adjustment Factor (the "Fixed Amount") plus (b) the Allotted Amounts that remain unfixed plus the applicable Accruals (the "Unfixed Amount").

For example, following the second Fixing on February 1, 2006, the Fixed Amount will equal the sum of (1) the product of Partial Multiplier #1, as adjusted for the Adjustment Factor, and the value of the Underlying Index at such time, and (2) the product of the Partial Multiplier #2, and the value of the Underlying Index at such time. Such Fixed Amount will represent the portion of the Index that is subject to price movements in the Underlying Index components. The Unfixed Amount will equal the remaining 60% of the initial Index value that has not yet been fixed, plus any applicable Accruals, and therefore represents a cash equivalent amount with interest that is not yet subject to price movements in the Underlying Index components.

More generally, at any time during the Initial Multiplier Determination Period, the Fixed Amount will equal the sum of each partial multiplier, as adjusted by the Adjustment Factor, that has been determined up to that time multiplied by the value of the Underlying Index and the Unfixed Amount will equal the unfixed Allotted Amounts plus the interest accrued on such amounts up to that time.

The Initial Multiplier Determination Period shall be the five business day period commencing on January 31, 2006 and concluding on February 6, 2006.

### 369A02.K. Special Opening Procedures

Special Opening Procedures shall be employed to facilitate an orderly market in LMC II TRAKRS futures. These Special Opening Procedures shall be conducted during a Special Marketing Period. This Special Marketing Period shall commence on the Commencement Date of December 20, 2005; and, shall culminate in a Special Opening at 3:00 p.m. (Chicago time) on the Initial Open Date of January 31, 2006.

During the Special Marketing Period, FCMs and notice-registered BDs per Rule 36904.B. may solicit customer orders to buy or sell LMC II TRAKRS futures at a specified limit bid price or limit offer price, respectively. The Special Marketing Period shall conclude at 10:00 a.m. (Chicago time) on the Initial Open Date. Clearing Members shall report their limit buy and limit sell orders to the Exchange in a manner and format specified by the Exchange by 10:00 a.m. (Chicago time) on the Initial Open Date.

**Ms. Jean A. Webb**  
**December 21, 2006**  
**Page 6 of 6**

The Exchange shall thereupon match purchase and sale orders based upon an Allocation Algorithm and report such matches to Clearing Members. The Exchange shall match buy orders to sell orders prioritized by sell price. At each sell price at which buy orders will be matched, buy orders with limit prices equal to or greater than the sell price shall be allocated on a pro rata basis. If multiple sell orders are received at the same limit price, and the total sell order quantity exceeds the total buy order quantity that may be matched at that price, the allocation of orders shall be made on a pro rata basis by reference to the quantities associated with such orders, subject to the restriction that all sell orders at that price are filled before a proprietary sell order of Merrill Lynch, if any.

The Exchange reserves the authority to limit the size of the open interest created as a result of these Special Opening Procedures. The Exchange further reserves the authority to delay the Initial Open Date if it determines in its discretion that market conditions are not conducive to an orderly opening.

The Initial Index Value shall be established at 3:00 p.m. (Chicago time) by Merrill Lynch, acting in its capacity as Index Compilation Agent. The Initial Index Value shall be established at 25.00 Index Points.

Subsequent to the conclusion of these Special Opening Procedures, trading shall be conducted on the CME® Globex® electronic trading platform per the Rules of the Exchange, commencing February 1, 2006.