



May 28, 2008

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

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OFFICE OF THE SECRETARIAT

RE: Section 5c(c)(1), Part 40.6(a) – Rule Certification for
Amendments to Spot Month Position Limits for Mexican
Peso Contracts. CME Submission 08-92.

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commission, it is adopting rule changes to increase the spot month position limit for CME Mexican Peso futures and options contracts from 10,000 to 20,000 contracts, and further, is making the rule amendments effective two business days later to assure market participants the ability to reduce speculative positions in the expiring contract during the period of peak liquidity. The position accountability threshold of 6,000 contracts for Mexican peso futures and options would be in effect until that point. These changes were proposed to enable customers to roll from one contract month to the next contract month during the most liquid portions of the traditional roll period. Also, the Position Limit and Reportable Level Table at the end of Chapter 5 is updated for Mexican pesos to reflect the changes proposed herein. The effective date for the rule amendments is Monday, June 2, 2008, and will apply to the expiring June 2008 Mexican peso futures and options contracts. CME approved this proposal on Friday, May 23, 2008.

The spot month position limit level for Mexican peso futures and options has remained unchanged at 10,000 contracts since May 29, 2003. Over the past five years, there have been two Bank for International Settlements (BIS) triennial surveys measuring average daily turnover in world foreign exchange (FX) markets. From April 2001 to April 2004, the Mexican peso versus all other currency trading increased over 101%. Similarly, from April 2004 to April 2007, the Mexican peso versus all other currency trading increased over 93%. Please see Table 1.

	<u>April 2001</u>	<u>% Change Prior Period</u>	<u>April 2004</u>	<u>% Change Prior Period</u>	<u>April 2007</u>	<u>% Change Prior Period</u>
MP vs. FX	10,086	+17.0%	20,312	+101.4%	39,218	+93.1%
Sources: Bank for International Settlements (BIS) and CME Group Equity, FX and Alternative Investments Research and Product Development Department.						

Therefore, the underlying daily Mexican peso cash market turnover actually increased 289% between 2001 and 2007, as benchmarked by the three BIS triennial surveys bracketing the period where CME spot position limits for Mexican peso contracts stayed at 10,000 contracts. CME believes an increase of 100% in the spot month Mexican peso position limits from 10,000 to 20,000 contracts is justifiable, given the growth in the underlying Mexican peso cash market.

Further, activity in exchange-traded contracts is typically measured in average daily volumes and open interest (OI). CME Mexican peso futures average daily volumes January – April 2008 (24,948 contracts) are up 34% over the same period last year (18,568 contracts). Also, regarding open interest (OI), please note:

- April 2008 Mexican Peso futures average daily OI = 137,000 contracts, which is +71% from the same month of the prior year (April 2007).
- Mexican Peso futures is the only one of CME's top seven currencies with a positive growth in OI in April 2008.
- Mexican Peso futures OI represents 15% of CME total FX futures OI in April 2008.

Specifically, the rule amendments provide for an increase in the Mexican peso futures and options spot position limit to 20,000 contracts from 10,000 contracts, effective on the third business day prior to the termination of trading. The current spot month Mexican peso contracts position limit is effective on the fifth business day prior to the futures contract termination date (defined in the rule as "the day one week prior to the termination of trading day"). Rule changes with additions underlined and deletions bracketed and overstruck are attached at the end of this submission. Clean rule copies follow these.

Table 2 illustrates that open interest in the expiring March quarterly cycle Mexican peso futures contracts can be large going into the spot month (above 120,000 contracts in two of the past five quarterly expirations). By the fifth business day preceding the last

day of trading for the Mexican peso futures (effective day of the current spot month position limit), open interest is routinely above 60,000 contracts (nearly 89,000 contracts for March 2008). Two days later, open interest in the expiring March quarterly peso futures contract is still above 50,000 contracts (on the day for the proposed effective date of the revised rule). Therefore, open interest in the week preceding termination is now at levels which could include several speculative positions above 10,000 contracts.

	1st Business Day of Spot Month	Spot Week (5th Bus. Day Previous to LTD)	3rd Business Day Previous to LTD	Deliveries
Mar-08	123,625	88,773	58,131	41,980
Dec-07	72,784	67,724	65,692	48,987
Sep-07	77,860	74,590	71,762	53,812
Jun-07	127,490	85,036	52,402	39,839
Mar-07	71,626	62,570	51,983	37,974

Sources: CME Group Daily Information Bulletins and CME Group Equity, FX and Alternative Investments Research and Product Development Department

Table 3 provides Mexican peso futures volumes for the nearby expiring contract for each of the ten business days prior to futures contract termination. Please note that total volume (CME Globex[®] and open outcry trading) in March cycle Mexican peso futures remains high for two trading days beyond the current effective date of the spot month position limit. CME believes that by including these additional two trading days to the period preceding the effective date of the Mexican peso futures spot month position limit, speculative traders will be able to reduce positions to comply with the spot month limit during the most liquid time of the expiration period. Liquidity, as measured by volume, generally decreases significantly as of the third business day preceding termination for Mexican peso March cycle futures (see Table 3). Therefore, it is reasonable to make the new spot month position limits effective two business days later than the current rule to include these liquid trading days. Levels and effective dates of speculative position limits need to be a balance of giving the speculative customer flexibility to manage positions without diminishing their regulatory function for the exchange. CME Group Market Regulation Department has considered and agreed to the rule amendments.

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

Mr. David Stawick
May 28, 2008
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If you require any additional information regarding this action, please do not hesitate to contact Steve Youngren, at 312-930-4583 or via e-mail at Steve.Youngren@cmegroup.com or me at 312-948-5422. Please reference our CME Submission #08-92 in any related correspondence.

Sincerely,

/s/ Stephen M. Szarmack
Director and Associate General Counsel

		Current Days to Reduce Position					Proposed Added Days to Reduce Position					
Business Day Preceding the Futures Contract Termination of Trading Day												
		10th	9th	8th	7 th	6 th	5th	4th	3rd	2nd	1st	LTD
Mar -08	CME GLX	1,999	19,533	12,915	64,993	34,861	26,062	26,644	12,145	7,197	12,136	890
	RTH	1,493	2,029	243	6,253	3,040	8,022	1,528	5,314	12,450	5,170	53
	Total	3,492	21,562	13,158	71,246	37,901	34,084	28,172	17,459	19,647	17,306	943
Dec-07	CME GLX	10,215	15,936	14,112	18,449	12,842	13,505	12,775	10,651	8,815	4,233	440
	RTH	1,571	2,531	4,102	1,091	6,990	5,830	2,836	15,362	5,037	2,161	326
	Total	11,786	18,467	18,214	19,540	19,832	19,335	15,611	26,013	13,852	6,394	766
Sep -07	CME GLX	10,193	7,134	15,098	14,714	16,344	22,174	13,544	6,006	6,146	2,046	147
	RTH	5,141	1,307	5,887	2,846	4,909	6,862	4,641	1,366	212	9,612	20
	Total	15,334	8,441	20,985	17,560	21,253	29,036	18,185	7,372	6,358	11,658	167
Jun-07	CME GLX	14,201	24,234	32,008	29,546	22,252	38,284	16,207	11,452	7,782	3,692	313
	RTH	4,210	20,312	14,658	7,198	4,627	3,731	9,708	5,928	547	7,489	305
	Total	18,411	44,546	46,666	36,744	26,879	42,015	25,915	17,380	8,329	11,181	618
Mar-07	CME GLX	10,242	10,057	7,554	10,708	14,927	17,379	7,998	6,270	5,136	965	198
	RTH	6,716	11,225	3,331	7,288	15,347	7,228	14,069	2,362	5,050	3,744	16
	Total	16,958	21,282	10,885	17,996	30,274	24,607	22,067	8,632	10,186	4,709	214

Sources: CME Group Daily Information Bulletins and CME Group Equity, FX and Alternative Investments Research and Product Development Department

Text of Rule Amendments

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

Proposed Rule Changes to Increase the Spot Month Position Limits for Mexican Peso Futures and Options on Futures Contracts.

25601. FUTURES CALL.

25601D. Position Accountability and Spot Month Position Limits

A person owning or controlling more than 6,000 contracts net long or net short in all contract months combined shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable; except that in no event shall such person own or control more than ~~[40,000]~~ 20,000 contracts in the spot month on or after the third business day ~~[one-week]~~ prior to the termination of trading day. For positions involving options on Mexican peso futures, this rule is superseded by the option position accountability and spot month position limits rule.

In addition, the Exchange President or his designee or the Business Conduct Committee may require, at their discretion, that such positions not be further increased.

Remainder of rules is unchanged.

256A01. OPTION CHARACTERISTICS.

256A01E. Position Limits and Accountability

A person owning or controlling a combination of options and underlying futures contracts that exceeds 6,000 futures-equivalent contracts net on the same side of the market in all contract months combined for Mexican peso futures and options shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable. In addition, the Exchange President or his designee or the Business Conduct Committee may require, at their discretion, that such positions not be further increased. However, in no event shall a person own or control more than ~~[40,000]~~ 20,000 futures-equivalent contracts in the spot month on or after the third business day ~~[one-week]~~ prior to the underlying futures termination of trading day for the Mexican peso.

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.

Remainder of rules is unchanged.

POSITION LIMIT AND REPORTABLE LEVEL TABLE [End of Chapter 5]

CONTRACT NAME	Options	SCALE DOWN SPOT MONTH (1)	SCALE DOWN SPOT MONTH (2)	SPOT MONTH	SINGLE MONTH	ALL MONTHS COMBINED	POSITION ACCOUNTABILITY	REPORTABLE FUT LEVEL	REPORTABLE OPT LEVEL
CME Foreign Exchange									
Australian Dollar	Y						**6,000	200	200
Australian Dollar/Canadian Dollar							**6,000	25	
Australian Dollar/Japanese Yen							**6,000	25	
Australian Dollar/New Zealand							**6,000	25	
Brazilian Real	Y				*24,000	*40,000		25	25
British Pound	Y						**10,000	200	200
British Pound/Japanese Yen							**6,000	25	
British Pound/Swiss Franc							**6,000	25	
Canadian Dollar	Y						**6,000	200	200
Canadian Dollar/Japanese Yen							**6,000	25	
Chinese Renminbi/Euro FX	Y			2,000			**6,000	25	25
Chinese Renminbi/Japanese Yen	Y			2,000			**6,000	25	25
Chinese Renminbi/US Dollar	Y			2,000			**6,000	25	25
Czech Koruna	Y			2,000			**6,000	25	25
E-mini Euro FX							*(A) 20,000	25	
E-mini Japanese Yen							*(A) 20,000	25	
Euro FX	Y						**10,000	200	200
Euro FX/Australian Dollar							**6,000	25	
Euro FX/British Pound	Y						**6,000	25	25
Euro FX/Canadian Dollar							**6,000	25	
Euro FX/Czech Koruna	Y			2,000			**6,000	25	25
Euro FX/Hungarian Forint	Y			2,000			**6,000	25	25
Euro FX/Japanese Yen	Y						**6,000	25	25
Euro FX/Norwegian Krone							**6,000	25	
Euro FX/Polish Zloty	Y			2,000			**6,000	25	25
Euro FX/Swedish Krona							**6,000	25	
Euro FX/Swiss Franc	Y						**6,000	25	25
Hungarian Forint	Y			2,000			**6,000	25	25
Israeli Shekel	Y			2,000			**6,000	25	25
Japanese Yen	Y						**10,000	200	200
Korean Won	Y			2,000			**6,000	25	25
Mexican Peso	Y			{4}***20,000			**6,000	25	25
New Zealand Dollar	Y						**6,000	25	25
Norwegian Krone							**6,000	25	
Polish Zloty	Y			2,000			**6,000	25	25
Russian Ruble	Y			2,000		*10,000		25	25
South African Rand	Y			5,000			**6,000	25	25
Swedish Krona							**6,000	25	25
Swiss Franc	Y						**10,000	200	200
Swiss Franc/Japanese Yen							**6,000	25	

*(A) E-mini Euro FX and the E-mini Japanese Yen are deemed to be the equivalent of one-half (.50) of the Euro FX and Japanese Yen contract.
 * Net futures equivalents (NFE) long or short.
 ** Position Accountability rule: A person owning or controlling more than the specified number of futures or futures equivalent contracts net long or short in all contract months combined shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.
 *** Mexican Peso spot month position limits go into effect beginning on the third business day prior to the termination of trading day.

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Proposed Rule Changes to Increase the Spot Month Position Limits for Mexican Peso Futures and Options on Futures Contracts.

25601. FUTURES CALL.

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A person owning or controlling more than 6,000 contracts net long or net short in all contract months combined shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable; except that in no event shall such person own or control more than 20,000 contracts in the spot month on or after the third business day prior to the termination of trading day. For positions involving options on Mexican peso futures, this rule is superseded by the option position accountability and spot month position limits rule.

In addition, the Exchange President or his designee or the Business Conduct Committee may require, at their discretion, that such positions not be further increased.

Remainder of rules is unchanged.

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CME Foreign Exchange									
Australian Dollar	Y						**6,000	200	200
Australian Dollar/Canadian Dollar							**6,000	25	
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British Pound	Y						**10,000	200	200
British Pound/Japanese Yen							**6,000	25	
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Euro FX/Czech Koruna	Y			2,000			**6,000	25	25
Euro FX/Hungarian Forint	Y			2,000			**6,000	25	25
Euro FX/Japanese Yen	Y						**6,000	25	25
Euro FX/Norwegian Krone							**6,000	25	
Euro FX/Polish Zloty	Y			2,000			**6,000	25	25
Euro FX/Swedish Krona							**6,000	25	
Euro FX/Swiss Franc	Y						**6,000	25	25
Hungarian Forint	Y			2,000			**6,000	25	25
Israeli Shekel	Y			2,000			**6,000	25	25
Japanese Yen	Y						**10,000	200	200
Korean Won	Y			2,000			**6,000	25	25
Mexican Peso	Y			***20,000			**6,000	25	25
New Zealand Dollar	Y						**6,000	25	25
Norwegian Krone							**6,000	25	
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Russian Ruble	Y			2,000		*10,000		25	25
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