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December 3, 2008

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

**Re: Certification of Hardwood Pulp Futures and Options Contracts  
Pursuant to Regulation §40.2  
CME Submission No. 08-199**

Dear Mr. Stawick,

Chicago Mercantile Exchange Inc. ("CME"), pursuant to Commission Regulation §40.2, hereby notifies the Commission of the adoption of rules governing the trading of futures and options on futures for hardwood pulp. The launch date has been set for the trade date of January 12, 2009 and the contracts will be listed electronically only.

CME certifies that this action complies with the Act and regulations thereunder.

The rules are attached. Other terms and conditions are:

Trading Hours: Sunday-Thursday 5:00 p.m. to 4:00 p.m. Central (next day)  
Expiring contract closes at 2:00 a.m. on Last Trading Day

Contract Months: All calendar months (24 listed beginning with February 2009)

Block Trade Threshold: 25 contract minimum

Error Trade ('no-bust') Range: \$15 per ton

If you require any additional information regarding this action, contact Jack Cook at 312-930-3295 or via e-mail at [jack.cook@cmegroup.com](mailto:jack.cook@cmegroup.com) or me at (312) 648-5422. Please reference our submission number in any related correspondence.

Sincerely,

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

**CHAPTER 202**  
**BLEACHED HARDWOOD KRAFT PULP-EUROPE FUTURES**

**20200. SCOPE OF CHAPTER**

This chapter is limited in application to futures trading of Bleached Hardwood Kraft Pulp (BHKP)-Europe. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the Rules of the Exchange.

**20201. COMMODITY SPECIFICATIONS**

Each futures contract shall be valued at 20 metric tonnes times the FOEX Indexes Ltd.-PIX BHKP Europe Index monthly average per tonne.

**20202. FUTURES CALL**

**A. Trading Schedule**

Futures contracts shall be scheduled for trading during such hours and for final settlement in such months as may be determined by the Board of Directors, subject to the requirement that all such determinations be submitted to the Commodity Futures Trading Commission in accordance with the provisions of the Commodity Exchange Act and all applicable regulations thereunder.

**B. Trading Unit**

The unit of trading shall be 20 metric tonnes.

**C. Price Increments**

Minimum price fluctuations shall be in multiples of \$.50 per tonne.

**D. Daily Price Limits**

There shall be no trading at a price more than \$50 per tonne above or below the previous day's settlement price, except that there shall be no daily price limits in the expiring contract during the spot month.

**E. Position Limits**

No person shall own or control more than 1,000 contracts long or short in any contract month.

For positions involving options on futures, this rule is superseded by the option speculative position limit rule.

**F. 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.

**G. Exemptions**

The foregoing position limits shall not apply to bona fide hedging positions meeting the requirements of the Commodity Futures Trading Commission and the rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 543.

**H. Termination of Trading**

Trading shall terminate on the last Tuesday of the contract month. If that day is not a business day, then trading shall terminate on the preceding business day.

**I. Contract Modifications**

Specifications shall be fixed as of the first day of trading of a contract, except that if any federal governmental agency 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.

**20203. SETTLEMENT PROCEDURES**

**A. Final Settlement**

There shall be no delivery of BHKP in settlement of this contract. All contracts open as of the termination of trading shall be cash settled based upon the PIX BHKP Europe Index monthly average for the calendar month corresponding to the contract month for which trading has terminated.

**20203.B. - H. [RESERVED]**

**20204. - 07. [RESERVED]**

**20208. EMERGENCIES, ACTS OF GOD, ACTS OF GOVERNMENT**

If the Exchange President determines that the calculation of the final settlement price is prevented by a strike, fire, accident, action of government, or act of God, he shall call a special meeting of the Board of Directors or the Business Conduct Committee and arrange for the presentation of evidence respecting the emergency condition. If the Board or Committee determines that an emergency exists, it shall take such action as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract.

(End Chapter 202)

**INTERPRETATIONS AND SPECIAL NOTICES  
RELATING TO CHAPTER 202**

**LIMITATION OF LIABILITY AND DISCLAIMER**

FOEX Indexes Ltd. grants the Exchange the rights to use the PIX BHKP Europe Index (Index) in connection with the trading of futures contracts and options on futures contracts based upon such Index. FOEX Indexes Ltd. makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the data in connection with the trading of futures contracts, options on futures contracts or any other use. FOEX Indexes Ltd. makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Index. Without limiting any of the foregoing, in no event shall FOEX Indexes Ltd. have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

**CHAPTER 202A**  
**OPTIONS ON BLEACHED HARDWOOD KRAFT PULP-EUROPE FUTURES**

**202A00. SCOPE OF CHAPTER**

This chapter is limited in application to trading in put and call options on the Bleached Hardwood Kraft Pulp-Europe futures contract. The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

**202A01. OPTION CHARACTERISTICS**

**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 Governors, subject to the requirement that all such determinations be submitted to the Commodity Futures Trading Commission in accordance with the provisions of Section 5a(12) of the Commodity Exchange Act and all Commission regulations thereunder.

**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 Bleached Hardwood Kraft Pulp-Europe futures contract as specified in Chapter 202.

**C. Minimum Fluctuations**

The price of an option shall be quoted in dollars per metric tonne. Minimum price fluctuations shall be in multiples of \$.50 per tonne. A trade may also occur at a price of \$.25 per tonne, whether or not it results in the liquidation of positions for both parties to the trade.

**D. Underlying Futures Contract**

The underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in January is the January futures contract.

**E. Exercise Prices**

The exercise prices shall be stated in terms of dollars per metric tonne at intervals of \$5, e.g., \$470, \$475, \$480, etc.

At the commencement of option trading in a contract month, the Exchange shall list put and call options in a range of \$100 above and below the previous day's settlement price of the underlying futures contract.

When a sale, bid or offer in the underlying futures contract occurs at, or passes through, an exercise price, put and call option contracts at the next higher (or lower) exercise price in a \$100 range shall commence trading on the next trading day. New options may be listed for trading up to and including the termination of trading.

The Board may modify the provisions governing the establishment of exercise prices as it deems appropriate, subject to the provisions of Section 5a(12) of the Commodity Exchange Act and CFTC regulations thereunder.

**F. Position Limits**

No person shall own or control a combination of options and underlying futures that exceeds 1,000 futures equivalent contracts net on the same side of the market in any contract month.

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 the 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.

**G. Accumulation of Positions**

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 position of all accounts in which a person or person have a proprietary or beneficial interest, shall be cumulated.

#### **H. Exemptions**

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

#### **I. Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract

#### **J. Contract Modifications**

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 government orders.

### **202A02. EXERCISE**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of Bleached Hardwood Kraft Pulp-Europe options.

#### **A. Exercise of Option by Buyer**

An option may be exercised by the buyer on any business day the option is traded. To exercise an option, the clearing member representing the buyer shall present 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 or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7 p.m. on the day of final settlement by the clearing member representing the option buyer, be exercised automatically.

#### **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 prior to the opening of trading 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 was exercised or a long position if a put was exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call was exercised and a short position if a put was 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 following acceptance by the Clearing House of the Exercise Notice.

### **202A03. EMERGENCIES, ACTS OF GOD, ACTS OF GOVERNMENT**

If exercise or assignment or any precondition or requirement of either is prevented by a strike, fire, accident, act of government or act of God, the seller or buyer shall immediately notify the Exchange President. If the President determines that emergency action may be necessary, he shall call a special meeting of the Board of Governors and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract.

(End Chapter 202A)

**INTERPRETATIONS AND SPECIAL NOTICES  
RELATING TO CHAPTER 202A**

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