

CME UPDATE 03-10

October 6, 2003

I. BOARD APPROVES NEW SHORT FORM APPLICATION PROCESS

At its Regular Meeting on Wednesday, October 1, 2003, the Board of Directors approved a new rule that allows individuals to apply for membership using a short form application. The short form will only be available to individuals seeking membership on the Exchange who will not be accessing the trading floor. In the short form application process, an individual seeking to purchase or lease a membership on the Exchange will complete all of the paperwork generally required by a membership applicant not seeking trading floor access and the applicant will also be required to pay the applicable fee. Within 24-48 hours after completing the paperwork, the applicant will receive temporary, non-trading floor membership privileges (i.e., equity or lessee clearing and trading fees). During this period, the applicant will be subject to all CME Rules.

In the event the applicant is ultimately approved after his application is processed by the Department, he will become a member with all applicable membership privileges, except trading floor access. An applicant who is ultimately rejected for membership will have the same appeal rights as any other membership applicant. Any financial benefit received by an applicant with temporary membership privileges who is rejected for membership must be repaid to the Exchange.

An individual approved for membership through the short form application process can subsequently seek trading floor access by completing any additional paperwork required by the Department. Set forth below are changes to Rule 105 with additions underlined and deletions lined out.

105. APPLICATION FOR MEMBERSHIP

[No change to 105.A.]

105.B. Application Process for Members Not Accessing the Trading Floor

The applicant shall file an Application for Membership. Such Application shall: include an agreement by the applicant to take no recourse against the Exchange in the event his application is rejected (except as provided in Section 8c of the Commodity Exchange Act); set forth all financial arrangements made in connection with the proposed purchase of the membership and associated Class B Share; contain an agreement to abide by the rules and regulations of the Exchange and all amendments thereto; and contain an acceptance of the burdens and risks inherent in an application for membership which may be rejected.

The applicant shall receive temporary non-trading floor membership privileges upon the completion of the above documentation so long as the information provided does not provide grounds for a rejection of the applicant. An applicant that receives temporary non-trading floor membership privileges shall be subject to all of the rules of the Exchange including the rules related to the approval and rejection of an applicant. Such temporary non-trading floor membership privileges will expire upon the earlier of: 1) sixty days after the temporary membership privileges are granted; 2) a rejection of the applicant's membership application by the Membership Committee; or 3) notification that the application for membership has been approved. An applicant who receives temporary non-trading floor membership privileges who is subsequently rejected for membership shall reimburse the Exchange for the difference between trading and clearing fees paid by reason of the temporary membership status and the fees that would have been paid on the same transaction at the rates that would have otherwise prevailed.

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The Shareholder Relations and Membership Services Department shall notify the membership, by ordinary mail and by posting for a period of 20 days, of the name of the applicant, the seller or transferor and the purchase price. The notice shall request the submission to the Shareholder Relations and Membership Services Department of claims against the seller or transferor arising out of Exchange futures transactions or any other relationship regulated by the Exchange. During the posting period, the Shareholder Relations and Membership Services Department shall prepare a report on the qualifications of the applicant.

The application of a member who purchases a membership and associated Class B Share or is transferred a membership may be approved by Exchange staff before the expiration of the posting period, provided the member obtains an indemnification agreement in favor of the Exchange from a clearing member to cover Rule 110 claims up to the value of the membership and associated Class B Share at the time of purchase or transfer.

An applicant who has acquired a membership prior to election to membership shall become a member upon such election. An applicant elected to membership prior to acquiring a membership shall become a member if within thirty calendar days after election to membership, he shall procure a membership, otherwise his election to membership shall be deemed vacated and the Exchange shall retain the membership application processing fee. Extensions of the 30-day period in which the applicant must acquire a membership may be granted by Exchange staff.

105.BC. Application for Floor Broker's or Floor Trader's License

Each membership applicant shall apply for registration as a floor broker or a floor trader with the National Futures Association and shall provide the Exchange with a copy of such application prior to consideration of his Exchange application by the Membership Committee. Exchange staff may waive this requirement for applicants who are not required by CFTC Regulations to register as a floor broker or floor trader.

If you have any questions, please contact Mr. Robert Krewer, Associate Director, Shareholder Relations and Membership Services Department, at (312) 930-3483, or Mr. Stephen M. Szarmack, Director, Associate General Counsel, at (312)648-5422.

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II. BOARD APPROVES RULE AMENDMENTS RELATED TO CME'S LINE OF CREDIT

At its Regular Meeting on Wednesday, October 1, 2003, the Board of Directors approved an increase in the size of CME's Line of Credit ("Line") from \$500 million to \$750 million for 2004. The Line is scheduled to renew on October 17, 2003. In addition, the Board approved an increase in the collateral pool eligible to secure a draw on the Line that will include the performance bond collateral of a defaulting clearing member. Security deposit funds are also used as collateral to secure a draw on the Line.

Set forth below are changes to CME Rules 816 and 821 which allow for the increase in the collateral pool to secure the Line. Additions to the rules are underlined and deletions are lined out.

816. SECURITY DEPOSIT

Each clearing member shall make a deposit with the Exchange as security for its obligations to the Clearing House. The minimum security deposit of a Class A clearing member, shall equal the greater of (a) an amount specified by the Clearing House Risk Committee or (b) the clearing member's proportionate share of the "Aggregate Security Deposit," which shall be an amount determined by the Clearing House Risk Committee. Each clearing member's proportionate share of the Aggregate Security Deposit shall consist of (i) a specified percentage of the Aggregate Security Deposit multiplied by the clearing member's proportionate share (including the total risk performance bond requirement in respect of positions in its cross-margin accounts) of the average aggregate risk performance bond requirement (including the risk performance bond requirement in respect of positions in all cross-margin accounts) for the preceding three months; plus (ii) a specified percentage of the Aggregate Security Deposit multiplied by the clearing member's proportionate share of the total number of contracts executed on the Exchange and any applicable exchange or market during the preceding three months. The percentages in (i) and (ii) above shall be determined and modified by the Clearing House Risk Committee as appropriate. Some contracts may be weighted more heavily than others in order to reflect the greater risk associated with those contracts. The average aggregate risk performance bond requirement, the total number of contracts executed, and each clearing member's proportionate share of each will be calculated by the Clearing House, and a report setting forth such information and the clearing member's required security deposit will be given to the clearing member each quarter, or more frequently as Exchange staff shall determine. If such report indicates that the clearing member's current security deposit with the Exchange is smaller than the amount required, the clearing member shall increase its amount within five business days. If such report indicates that the clearing member's current security deposit with the Exchange is larger than the amount required, the clearing member may withdraw the excess amount.

A clearing member's security deposit may be in the form of cash, United States Treasury and agency Securities, units in CME's Interest Earning Facility for Proprietary Funds, L.L.C. or shares in CME's Interest Earning Facility 2 Program for the clearing member's House/Proprietary Account (as used in this Rule 816, such assets and any proceeds thereof are collectively referred to as "Assets"). Such security deposit forms and amounts shall be subject to the terms and conditions as approved by Exchange staff.

Assets deposited by a clearing member in satisfaction of security deposit requirements may also be used to directly secure the Exchange's obligations to its lenders under any liquidity facility entered into by the Exchange for the purpose of providing liquidity to the Exchange. By delivering assets to the Exchange in satisfaction of security deposit requirements, each clearing member is hereby deemed: (i) to agree that its Assets may directly secure the Exchange's obligations to the Exchange's liquidity lenders and that its Assets may become subject to a lien in favor of the Exchange's liquidity lenders or otherwise guarantee the Exchange's obligations ~~and~~; (ii) to authorize the Exchange, and appoint the Exchange (such appointment being coupled with an interest) as such clearing member's attorney-in-fact, to enter into agreements on its behalf in connection with its Assets serving as security for the Exchange's obligations to the Exchange's liquidity lenders; and (iii) acknowledge that the obligations of the Exchange to its liquidity lenders may be greater, and extend for periods of time longer, than the obligations, if any, of such clearing member to the Exchange. The Exchange, as each clearing member's attorney-in-fact, will have authority to enter into agreements on behalf of each clearing member and in each clearing member's name for the purpose of causing the clearing member's Assets to directly secure the Exchange's obligations to the Exchange's liquidity lenders. Any agreement entered into by the Exchange on behalf of clearing members pursuant to this Rule 816 shall bind each clearing member and will contain provisions, including representations, warranties and covenants, required by lenders under any liquidity facility. If there is a default under any such liquidity facility, the Assets of the clearing members pledged to secure such liquidity facility may be foreclosed upon by the Exchange's liquidity lenders.

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and applied against the obligations of the Exchange under the related liquidity facility. The clearing members shall take no action, including but not limited to attempting to obtain a court order, that would interfere with the ability of such liquidity lenders to receive the benefit of their contractual remedies in connection with any such foreclosure or that would controvert or assert the invalidity of any provision of these rules. Each clearing member agrees to sign any document or agreement requested by the Exchange to further document the power of attorney set forth and established by these rules.

821. PERFORMANCE BOND AMOUNTS

Performance bond requirements will be as determined by Exchange staff from time to time. Subject to the terms and conditions as approved by Exchange staff, the Clearing House will accept as performance bond, cash, equity securities, shares of mutual funds, United States Treasury and agency Securities (under the conditions specified in Rule 825), Letters of Credit pursuant to Rule 822, units in CME's Interest Earning Facility Program, shares in CME's Interest Earning Facility 2 Program, or permitted investments allowable under CFTC Regulation 1.25, as applicable (as used in this Rule 821, such assets and any proceeds thereof are collectively referred to as "Assets"), all of which must be and remain unencumbered.

Assets deposited by a clearing member in satisfaction of performance bond requirements may also be used, upon default by such clearing member in any of its obligations to the Clearing House or the Exchange, to directly secure the Exchange's obligations to its lenders under any liquidity facility entered into by the Exchange for the purpose of providing liquidity to the Exchange. By delivering assets to the Exchange in satisfaction of performance bond requirements, each clearing member is hereby deemed: (i) to agree that its Assets, upon default of such clearing member, may directly secure the Exchange's obligations to the Exchange's liquidity lenders and that its Assets may become subject to a lien in favor of the Exchange's liquidity lenders or otherwise guarantee the Exchange's obligations; (ii) to authorize the Exchange, and appoint the Exchange (such appointment being coupled with an interest) as such clearing member's attorney-in-fact, to enter into agreements on its behalf in connection with its Assets serving as security for the Exchange's obligations to the Exchange's liquidity lenders; and (iii) acknowledge that the obligations of the Exchange to its liquidity lenders may be greater, and extend for periods of time longer, than the obligations, if any, of such clearing member to the Exchange. The Exchange, as each clearing member's attorney-in-fact, will have authority to enter into agreements on behalf of each clearing member and in each clearing member's name for the purpose of causing the clearing member's Assets to directly secure the Exchange's obligations to the Exchange's liquidity lenders as described in this Rule 821. Any agreement entered into by the Exchange on behalf of clearing members pursuant to this Rule 821 shall bind each clearing member and will contain provisions, including representations, warranties and covenants, required by lenders under any liquidity facility. If there is a default under any such liquidity facility, the Assets of the clearing members pledged to secure such liquidity facility may be foreclosed upon by the Exchange's liquidity lenders and applied against the obligations of the Exchange under the related liquidity facility. The clearing members shall take no action, including but not limited to attempting to obtain a court order, that would interfere with the ability of such liquidity lenders to receive the benefit of their contractual remedies in connection with any such foreclosure or that would controvert or assert the invalidity of any provision of these rules. Each clearing member agrees to sign any document or agreement requested by the Exchange to further document the power of attorney set forth and established by these rules.

If you have any questions, please contact Mr. Timothy Doar, Director, Financial Management, at (312) 930-3162.

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III. BOARD APPROVES CONSUMER PRICE INDEX FUTURES CONTRACTS

At its Regular Meeting on Wednesday, October 1, 2003, the Board of Directors approved contract specifications for Consumer Price Index (CPI) futures, representing our inaugural attempt at establishing a derivatives market in economic indicators.

The CPI futures contract is designed so as to resemble the Eurodollar futures. It represents the inflation on a notional value of \$1,000,000 for a period of three calendar months, implied by the Consumer Price Index – U.S. city average for all urban consumers, all items, not seasonally adjusted series published by the Bureau of Labor Statistics of the Department of Labor (CPI-U). The contract has the familiar IMM-style pricing structure of 100 minus the contracted inflation rate. It is anticipated that up to 12 consecutive quarterly contract months will be listed for trading.

Summary contract specifications for CPI futures are presented in the following table. The futures contract will be listed for trading on GLOBEX[®] in early 2004. The launch date and further contract details will be announced at a later time.

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Contract Specification Summary for CPI Futures

	Futures
Contract Size	Contract Valued at \$2,500 times Reference CPI Futures Index
Reference CPI Futures Index	100.00 - annualized inflation in a three-month period based on CPI-U (Non-seasonally adjusted)
Contract Months	12 consecutive March quarterly contract months
Trading Venue and Hours	Traded on GLOBEX® on Sundays from 5:30 p.m. to 4:00 p.m. the following day; on Mondays through Thursdays from 5:00 p.m. to 4:00 p.m. the following day (All times refer to local Chicago times)
Minimum Price Fluctuation	0.005 Index points or \$12.50
Position Limits	5,000 CPI Futures Contracts, net long or short in all contract months combined
Block Trading	50 contracts minimum threshold
Last Trading Day	7:00 a.m. Chicago Time on the day CPI announcement is made in the contract month. If the announcement is postponed beyond the contract month, trading ceases at 7:00 a.m. Chicago Time on the first business day following the contract month.
Final Settlement Price	By cash settlement on the last day of trading. Final settlement price is 100.00 less 4 times percentage increase in the latest CPI-U from the CPI-U three months prior. For example, for the September 2003 contract, the applicable CPI-U figures are August 2003 and May 2003.

If you have any questions, please contact Mr. Richard Co, Associate Director, Research and Product Development at (312) 930-3227, or Mr. Sayee Srinivasan, Associate Director, Research and Product Development, at (312) 454-5205,

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IV. BOARD APPROVES PRICE BANDING AND ORDER QUANTITY LIMITS FOR AGRICULTURAL PRODUCTS ON GLOBEX®

At its Regular Meeting on Wednesday, October 1, 2003, the Board of Directors approved the following price bands and order quantity limitations for livestock and pork products when traded electronically:

<u>Futures contract</u>	<u>+/- Band (Outrights and Spreads)</u>	<u>Order Quantity Limit</u>
Live Cattle	\$0.00975 per pound	50
Feeder Cattle	\$0.00975 per pound	50
Lean Hogs	\$0.00975 per pound	50
Pork Bellies	\$0.00975 per pound	50

These bands and limits will become effective for the noted products with the start of electronic trading in Pork Bellies on Monday, October 20, 2003.

If you have any questions, please contact Mr. Maz Chadid, Managing Director, Trading Floor Operations, at (312) 930-8246, or Mr. Jack Cook, Economist, Commodity Product Development, at (312) 930-3295.

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V. BOARD APPROVES AMENDMENTS TO RULE 543.B REGARDING SPOT MONTH POSITIONS IN FEEDER CATTLE

At its Regular Meeting on Wednesday, October 1, 2003, the Board of Directors approved amendments to Rule 543.B. and the Interpretation to Rule 543.B. to provide greater flexibility in granting position limit exemptions for Feeder Cattle versus Feeder Cattle spreads involving spot month positions in futures and/or options on futures.

The amendments are shown below, with additions underlined and deletions bracketed and overstruck.

543. SPECULATIVE POSITION LIMITS AND EXEMPTIONS**543.B. Arbitrage and Spread Positions**

Rules establishing speculative position limits shall not apply to arbitrage or intercommodity spread positions enumerated by the Exchange. Rules establishing single, non-spot month speculative position limits with respect to livestock and meat contracts and dairy product contracts, and single, spot month speculative position limits with respect to feeder cattle, milk and butter, shall not apply to intracommodity spread positions enumerated by the Exchange.

(Remainder of Rule 543.B. unchanged)

**INTERPRETATIONS & SPECIAL NOTICES
RELATING TO CHAPTER 5**

RULE 543.B. – SPREAD POSITIONS

(Special Executive Report S-1015 dated May 18, 1982. Revised August 1989, September 1992, November 1993, November 1997; May 1999; July 1999; November 1999, January 2002)

Rule 543.B. applies to intercommodity spread positions and intracommodity (calendar) spread positions of roughly equivalent value or size involving:

1. Interest rate futures or options versus other interest rate futures or options;
2. Interest rate futures or options versus like precious metal calendar spreads or gold coin calendar spreads;
3. Interest rate futures or options versus like calendar spreads in stock index futures;
4. Stock index futures or options versus other stock index futures or options;
5. Gold futures versus gold coin futures or gold options;
6. Currency futures versus gold futures or gold options or gold coin futures;
7. Currency futures or options versus other options on like physical currencies, currency futures, or currency options;
8. Options or futures on cross currency interest rate differences versus like currency options or futures calendar spreads;

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9. Commodity index futures or options versus index component futures or options;
10. Livestock and meat futures or options intracommodity (calendar) spreads involving non-spot contract months;
11. Livestock and meat futures or options versus other livestock and meat futures or options involving non-spot contract months;
12. Feeder Cattle futures or options versus Feeder Cattle futures or options involving spot contract months, provided that the spot month positions during the last 5 trading days do not exceed 300 contracts;
- ~~[42-]~~13. Dairy product futures or options intracommodity (calendar) spreads involving non-spot contract months;
- ~~[43-]~~14. Dairy product futures or options versus other dairy product futures or options involving non-spot contract months;
- ~~[44-]~~15. Milk futures or options versus milk futures or options provided that the spot month positions do not exceed two times the spot month position limits;
- ~~[45-]~~16. Butter futures or options versus butter futures or options involving spot contract months, provided that the spot month positions during the last 5 trading days do not exceed 200 contracts in the March, May or July contract months, 150 contracts in the September contract month or 100 contracts in the October or December contract months; and
- ~~[46-]~~17. Forest product futures or options versus other forest product futures or options.

These amendments will become effective upon CFTC approval.

If you have any questions, please contact Mr. Paul Peterson, Director, Commodity Product Development, at (312) 930-4587, or Mr. Ken Lovett, Associate Director, Market Regulation, at (312) 930-3257.

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VI. BOARD APPROVES CHANGES TO GSCI TRADING HOURS

At its Regular Meeting on Wednesday, October 1, 2003, the Board of Directors approved changes to the closing time for the Goldman Sachs Commodity Index (GSCI) from 2:00 p.m. to 1:40 p.m. for both the trading pit and GLOBEX[®]. GLOBEX trading would then re-open at 2:00 p.m. for the next trade date, with a one-hour break from 4:00 p.m. to 5:00 p.m.

These changes become effective on Monday, October 20, 2003.

If you have any questions, please contact Mr. Paul Peterson, Director, Commodity Product Development, at (312) 930-4587, or Mr. Brett Vietmeier, Associate Director, Equity Products, at (312) 930-3394.

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VII. BOARD APPROVES CHANGES TO WEATHER OPTIONS LISTING PROCEDURE

At its Regular Meeting on Wednesday, October 1, 2003, the Board ratified several changes to the strike price listing procedure for the US-based monthly CME weather contracts. These amendments are shown below, with additions underlined and deletions bracketed and overstruck.

CHAPTER 403A OPTIONS ON CME DEGREE DAYS INDEX FUTURES

403A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Degree Days Index futures contract that is deliverable upon exercise of the option.

For ~~[all]~~ the first two contract months, exercise prices shall be at intervals of 50 CME Degree Days Index points (e.g., 700, 750, 800, etc.). In addition, for options on the ~~[two]~~ contract month~~s~~ nearest to expiration, some exercise prices shall also be at intervals of 10 index points (e.g., 710, 720, 730, etc.).

At the commencement of option trading in a contract month, the Exchange shall list put and call options at intervals of 50 index points in a range of ~~[250]~~ 100 index points above and below the previous day's settlement price of the underlying futures contract. Thereafter, when the settlement price in the underlying futures contract occurs at or passes through any exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or lower) exercise price within a ~~[250]~~ 100-point range above (or below) the settlement price.

Furthermore, for options on the ~~[two]~~ contract month~~s~~ nearest to expiration, the Exchange shall list put and call options at intervals of 10 index points in a range of 100 index points above and below the previous day's settlement price of the underlying futures contract. Thereafter, when a settlement price in the underlying futures contract occurs at or passes through any exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or lower) exercise price within a 100-point range above (or below) the settlement price. New options may be listed for trading up to and including the termination of trading.

[Remainder of Rule Unchanged]

These changes became effective at the start of business on Sunday, September 21, 2003.

If you have any questions, please contact Mr. Paul Peterson, Director, Commodity Product Development, at (312) 930-4587, or Mr. Charles Piszczor, Senior Market Analyst, Commodity Product Development, at (312) 930-4536.

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VIII. BOARD APPROVES REVISED PRICE LIMITS FOR MILK FUTURES

At its Regular Meeting on Wednesday, October 1, 2003, the Board of Directors approved a reduction in Daily Price Limits for the Milk contracts from \$1.00 to \$.75.

The necessary changes to the corresponding futures contracts are shown below, with additions underlined and deletions bracketed and overstruck.

CHAPTER 52 CLASS III MILK FUTURES**5202. FUTURES CALL****D. Daily Price Limits**

There shall be no trading at a price more than \$ 0.75 [~~1.00~~] per cwt. above or below the previous day's settlement price.

CHAPTER 55 CLASS IV MILK FUTURES**5502. FUTURES CALL****D. Daily Price Limits**

There shall be no trading at a price more than \$ 0.75 [~~1.00~~] per cwt. above or below the previous day's settlement price.

These contract changes become effective on Monday, October 6, 2003.

If you have any questions, please contact Mr. Charles Piszczor, Senior Market Analyst, Commodity Research Department, at (312) 930-4536 or Mr. Paul Peterson, Director, Commodity Research Department, at (312) 930-4587.

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IX. BOARD APPROVES AMENDMENTS TO SPOT CALL BUTTER & NONFAT DRY MILK LANGUAGE

At its Regular Meeting on Wednesday, October 1, 2003, the Board of Directors approved rule language amendments for Spot Call Butter and Nonfat Dry Milk.

The amendments are shown below, with additions underlined and deletions bracketed and overstruck.

CHAPTER 51S Butter Spot Call

51S03. SETTLEMENT PROCEDURES

51S03.A. Seller's Duties

1. The seller shall, by 3:00 p.m. (Chicago time) on the day of sale, provide details about the butter, in a manner prescribed by the Exchange, to the buyer, [on the day of sale.] The seller shall also, by 3:00 p.m. (Chicago time) on the day of sale, deliver directly to the Market Regulation Department a CME form detailing the identity of the seller. Fines may be assessed for late, incomplete or erroneous notifications and identities.
2. The seller shall make the butter available for shipment on the day of sale.
3. The seller shall, by 3:00 p.m. (Chicago time) on the day of tender, which shall be the first business day after the day of sale, deliver to the Exchange the following:
 - a. A copy of the tender notice in the form prescribed by the Exchange.
 - b. A copy of the USDA grading certificate or a copy of the USDA worksheet indicating that the carlot grades USDA grade AA. The seller will deliver to the buyer the USDA grading certificate or a copy of the USDA worksheet.
- ~~[e.]~~ ~~A CME form detailing the identity of the seller delivered directly to the Market Regulation Department.]~~
- ~~[d-]c.~~ Any other documentation required by the President.

(Remainder of rule unchanged)

51S03.B. Buyer's Duties

1. The buyer shall provide details about the butter, in a manner prescribed by the Exchange, to the seller on the day of sale.
2. The buyer shall be responsible for arranging and providing transportation for the butter.
3. The buyer's clearing firm shall make payment by certified check or wire transfer of same day funds to the seller's clearing firm in the amount due as shown by the seller's tender notice by 3:00 p.m. (Chicago time) on the first business day after the day of tender.
4. The buyer shall, by 3:00 p.m. (Chicago time) on the day of ~~[tender]~~ sale, ~~[which shall be the first business day after the day of sale,]~~ deliver to the CME Market Regulation Department a CME form detailing the identity of the buyer.

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CHAPTER 54S Nonfat Dry Milk Spot Call**54S03. SETTLEMENT PROCEDURES****54S03.A. Seller's Duties**

1. The seller shall, by 12:00 noon (Chicago time) on the first business day after the day of sale, provide details about the nonfat dry milk to the buyer, on a form prescribed by the Exchange. Copies of the documents shall be submitted to the Clearing House within the same time period. The seller shall also, by ~~12:00 noon~~ 3:00 p.m. (Chicago time) on the ~~first business day after the~~ day of sale, deliver directly to the Market Regulation Department a CME form detailing the identity of the seller. Fines may be assessed for late, incomplete or erroneous notifications and identities.

(Remainder of rule unchanged)

54S03.B. Buyer's Duties

The buyer shall, by 3:00 p.m. ~~12:00 noon~~ (Chicago time) on the ~~first business day after the~~ day of sale, deliver to the CME Market Regulation Department a CME form detailing the identity of the buyer. The buyer shall deliver shipping and routing instructions as well as any request for a USDA Grading Certificate, to the seller by 12:00 noon (Chicago time) on the second business day after the day of sale. Copies of the instructions and USDA grading request shall be submitted to the Clearing House within the same time period. Fines may be assessed for late, incomplete or erroneous identities and instructions.

(Remainder of rule unchanged)

These changes become effective on Monday, October 6, 2003.

If you have any questions, please contact Mr. Charles Piszczor, Senior Market Analyst, Commodity Product Development, at (312) 930-4536, or Mr. Paul Peterson, Director, Commodity Product Development, at (312) 930-4587.

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X. BOARD APPROVES EXTENSION OF DISCOUNTED MULTIPLE T1 CONNECTIONS FOR ONECHICAGO ACCESS UNTIL SEPTEMBER 2004

At its Regular Meeting on Wednesday, October 1, 2003, the Board of Directors approved a recommendation to continue discounting multiple T1 connections for OneChicago access.

CME charges \$3,500/month for a T1 connection. To encourage our customers to trade OneChicago products CME implemented a one-year discounted pricing for the additional T1 lines required to accommodate the market data for OneChicago. We offered discounted rates of \$2,000/month for the additional T1 lines, until September 2003. The discounted pricing has been extended through September 2004.

If you have any questions, please contact Ms. Arman Falsafi, Managing Director, Global Electronic Trading and Data, at (312) 930-3427, or Ms. Suzanne Barrett, Account Manager, Technology Marketing, at (312) 338-2651.

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XI. APPROVED WAREHOUSES FOR THE 2003/2004 STORAGE SEASON OF CME DELIVERABLE PRODUCTS.

The following warehouses are approved for the 2003/2004 storage season of CME deliverable products:

**CHICAGO MERCANTILE EXCHANGE
APPROVED WAREHOUSES**

EFFECTIVE NOVEMBER 1, 2003 THROUGH OCTOBER 31, 2004

M - FROZEN BOXED BONELESS BEEF

P - FROZEN PORK BELLIES

H - FROZEN SKINNED HAMS

F - NON-FAT DRY MILK

EFFECTIVE DECEMBER 1, 2003 THROUGH DECEMBER 31, 2004

B – BUTTER

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ALABAMA

ATTALLA:

Millard Refrigerated Services, Inc.
(256) 538-2653

COMMODITIES

MBPH

PORK BELLIES ALLOWANCES

Par

BIRMINGHAM:

Americold Logistics
(205) 323-7708

MBPH

Par

ARIZONA

PHOENIX:

Americold Logistics
(623) 936-1733

B

ARKANSAS

TEXARKANA:

Americold Logistics
(870) 772-0007

B

CALIFORNIA

BAKERSFIELD:

United States Cold Storage of California
(661) 832-2653

BF

FRESNO:

United States Cold Storage of California
(559) 237-6145

BF

SACRAMENTO:

United States Cold Storage of California
(916) 392-9160

BF

TRACY:

United States Cold Storage of California
(209) 835-2653

BF

TULARE:

United States Cold Storage of California BF
(559) 686-1110

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UNION CITY:

United States Cold Storage of California
(510) 489-8300

BF

COLORADO

DENVER:

Americold Logistics
(303) 320-0333

MBH

GREELEY:

Millard Refrigerated Services, Inc.
(970) 353-2055

MBH

GEORGIA

MC DONOUGH:

Millard Refrigerated Services, Inc.
(770) 898-3104

MBPH

Par

THOMASVILLE:

Americold Logistics
(229) 227-9309

PH

Par

ILLINOIS

BATAVIA:

Millard Refrigerated Services, Inc.
(630) 406-9532

MBPH

Par

BELVIDERE:

Atlas Cold Storage
(815) 544-5200

MBPH

Par

CHICAGO:

Fulton Market Cold Storage Co.
(312) 738-9330

MBP

Par

EAST DUBUQUE:

Americold Logistics
(815) 747-2424

MBPH

Par

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GENEVA:

Millard Refrigerated Services
(630) 262-7410

MBPH

Par

ROCHELLE:

Americold Logistics
(815) 562-8420

MPH

Par

SUMMIT:

Summit Cold Storage
(708) 924-1137

MBPH

Par

INDIANA

LOGANSPOUT:

Hanson Cold Storage Co.
(574) 753-0424

MBPH

Par

IOWA

BETTENDORF:

Americold Logistics
(563) 332-4300

MBPH

Par

CHEROKEE:

Cloverleaf Cold Storage of Cherokee
(712) 225-5151

MBPH

Par

DENISON:

Millard Refrigerated Services, Inc.
(712) 263-6191

MBPH

Par

DES MOINES:

Des Moines Cold Storage, Inc.
(515) 262-6560
(515) 283-8050

MBPH

Par

Millard Refrigerated Services, Inc
(515) 265-9861

MBPH

Par

FORT DODGE:

Americold Logistics
(515) 955-3505

MBPH

Par

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IOWA CITYMillard Refrigerated Services, Inc.
(319) 351-2090

MBPH

Par

LEMARS:Cloverleaf Cold Storage of LeMars
(712) 546-6121

MBPH

Par

MARSHALLTOWN:Marshall Cold Storage
(641) 752-1419

MBPH

Par

MASON CITY:Mason City Cold Storage
(641) 424-8369

MBPH

Par

SIOUX CITY:Cloverleaf Cold Storage Company
(712) 279-8000

MBPH

Par

KANSAS**EDWARDSVILLE:**Millard Refrigerated Services, Inc.
(913) 441-0800

MBPH

Par

GARDEN CITY:Americold Logistics
(620) 276-2304

MBPH

Par

WICHITA:Americold Logistics
(316) 838-9317

MBPH

Par

KENTUCKY**LOUISVILLE:**Millard Refrigerated Services, Inc.
(502) 937-5041

MBPH

Par

SEBREE:Americold Logistics
(270) 835-9776

B

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LOUISIANA

BATON ROUGE:

Southern Cold Storage
(225) 929-6400

B

MARYLAND

MT. AIRY:

Mt. Airy Cold Storage
(410) 795-9200

MBPH

Par

MICHIGAN

BENTON HARBOR:

Hanson Cold Storage Co.
(269) 925-0091

MBPH

Par

MINNESOTA

ALBERT LEA:

Minnesota Freezer Warehouse Co.
(507) 373-1477

MBPH

Par

AUSTIN:

Minnesota Freezer Warehouse Co.
(507) 437-1982

MBPH

Par

FAIRMONT:

Cloverleaf Cold Storage of Fairmont
(507) 238-4211

MBP

Par

MISSISSIPPI

WEST POINT:

Americold Logistics
(662) 494-8842

MBPH

Par

MISSOURI

ST. JOSEPH:

Artesian Ice & Cold Storage Co.
(816) 232-6715

MBPH

Par

NEBRASKA

FREMONT:

Americold Logistics
(402) 721-7882

MBPH

Par

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GRAND ISLAND:

Millard Refrigerated Services, Inc. (308) 381-2111	MBPH	Par
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LINCOLN:

Millard Refrigerated Services, Inc. (402) 474-2491	MBPH	Par
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OMAHA:

Millard Refrigerated Services, Inc. (402) 733-8370	MBPH	Par
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United States Cold Storage, Inc. (402) 731-9900	MBPH	Par
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NORTH CAROLINA**LUMBERTON:**

United States Cold Storage, Inc. PH (910) 739-1992		Par
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STATESVILLE:

Millard Refrigerated Services (704) 838-1117	MBPH	Par
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TARHEEL:

Carolina Cold Storage L.P. (910) 862-7494	MPH	Par
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WARSAW:

United States Cold Storage, Inc. PH (910) 293-7400		Par
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OHIO**FAIRFIELD:**

Cloverleaf Cold Storage (513) 860-5992	MBPH	Par
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MASSILLON:

Cloverleaf Cold Storage (330) 833-9870	MBPH	Par
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NAPOLEON:

Cloverleaf Cold StorageMBPH
(419) 599-5015

Par

OKLAHOMA

OKLAHOMA CITY:

Americold Logistics
(405) 232-2338
(405) 235-4444

B

PENNSYLVANIA

CHAMBERSBURG:

Chambersburg Cold StorageMBPH
(717) 261-1288

Par

SOUTH DAKOTA

SOUIX FALLS:

Americold Logistics
(605) 339-4258

MBPH

Par

TENNESSEE

MEMPHIS:

Americold Logistics
(901) 452-1611

PH

Par

SMYRNA:

United States Cold Storage, Inc.
(615) 355-0047

MB

TEXAS

AMARILLO:

Americold Logistics
(806) 335-1661

MBPH

Par

FRIONAMillard Refrigerated Services
(806) 250-3942

MBPH

Par

VIRGINIA

SANDSTON:

Richmond Cold StorageMPH
(804) 236-0690

Par

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SMITHFIELD:Carolina Cold StorageMPH
(757) 357-0434

Par

WASHINGTON**ALGONA:**SCS Refrigerated Services
(253) 333-2167

B

REDMOND:UNISEA Cold Storage
(425) 861-5237

B

SEATTLE:CITYICE Cold Storage
(206) 285-6500

B

SCS Refrigerated Services
(253) 333-2167

B

TACOMA:SCS Refrigerated Services
(253) 333-2167

B

WISCONSIN**APPLETON:**Atlas Cold Storag
(920) 730-4200

MBPH

Par

EAU CLAIRE:Central Storage & Warehouse Co., Inc.
(715) 834-2951

MBH

GREEN BAY:Atlas Cold Storage
(920) 468-8311

MBPH

Par

JEFFERSON:Atlas Cold Storage
(920) 674-3035

MBPH

Par

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MADISON:

Central Storage & Warehouse Co., Inc (608) 221-7611	MBH
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PITTSVILLE:

Gardner Cold (715) 884-2651	B
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PLEASANT PRAIRIE:

Central Storage & Warehouse Co., Inc. (262) 947-7800	MBH
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XII. APPROVED PORK BELLY PLANTS

The following plants are approved for in-plant delivery of fresh pork bellies from November 1, 2003 through August 31, 2004:

ILLINOIS

BEARDSTOWN	EXCEL CORPORATION	217-323-6200
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INDIANA

LOGANSFORT	IBP	219-753-6121
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IOWA

COLUMBUS JUNCTION	IBP	319-728-7432
MARSHALLTOWN	SWIFT	641-752-7131
OTTUMWA	EXCEL CORPORATION	515-682-8532
PERRY	IBP	515-465-5363
STORM LAKE	IBP	712-732-7431
WATERLOO	IBP	319-236-2636

KENTUCKY

LOUISVILLE	SWIFT	502-582-0325
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MINNESOTA

WORTHINGTON	SWIFT	507-372-2121
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NEBRASKA

MADISON	IBP	402-454-3361
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NORTH CAROLINA

TARHEEL	SMITHFIELD PACKING CO	910-862-7675
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SOUTH DAKOTA

SOUIX FALLS	SMITHFIELD PACKING CO.	605-330-8200
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VIRGINIA

SMITHFIELD	SMITHFIELD PACKING CO.	757-357-4321
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XIII. REMINDER OF THE REDUCTION IN THE BRITISH POUND FUTURES AND OPTIONS TICK SIZE, EFFECTIVE FOR ALL EXISTING AND NEWLY LISTED CONTRACT MONTHS FOR THE TRADE DATE OF MONDAY, OCTOBER 6, 2003

As you were notified previously in CME Special Executive Report S-3997 and CME Update 03-09, both dated Monday, September 8, 2003, and in CME Special Executive Report S-4005, dated Friday, October 3, 2003, the Board of Directors, at its Regular Meeting on Wednesday, September 3, 2003, approved reducing the British pound futures and options minimum price increment from \$0.0002 per British pound (= \$12.50 per tick) to \$0.0001 per British pound (= \$6.25 per tick). All-or-None (AON) pit trading, calendar spreads and options cabinet trades on the trading floor and GLOBEX® remain unchanged at minimum increments of \$0.0001 per British pound (= \$6.25). Also, the Board approved a language clarification to the GLOBEX error trade policy to specify the GLOBEX British pound futures no bust range at 30 ticks rather than 15 ticks. Thirty ticks at \$0.0001 per British pound equals the current 15 ticks at \$0.0002 for a plus or minus no bust range of \$0.0030 per British pound. The proposal was submitted to the CFTC under exchange certification procedures. The new British pound futures and options tick sizes will apply to all existing as well as newly listed contract months, and will become effective starting with GLOBEX trading on Sunday, October 5, 2003, for the trade date of Monday, October 6, 2003.

The Board responded to customer demand and the desire to increase efficiency in the CME British Pound products. The rule changes allow CME to match the trading precision of the interbank over-the-counter (OTC) foreign exchange market.

The approved rule changes follow with additions underlined and deletions bracketed and lined out.

CHAPTER 251
BRITISH POUND STERLING FUTURES

Rule 25100 is unchanged.

25101. FUTURES CALL

Rule 25101.A is unchanged.

25101.B. Trading Unit

The unit of trading shall be 62,500 pound sterling.

25101.C. Price Increments

Minimum price fluctuations shall be in multiples of ~~[\$.0002]~~\$0.0001 per pound sterling, equivalent to ~~[\$12.50]~~\$6.25 per contract. ~~[Trades may also occur in multiples of \$.0001 per pound sterling, commonly referred to as one tick, for pound sterling futures intra-currency spreads, executed as simultaneous transactions on the trading floor pursuant to Rule 542.A, and on GLOBEX® pursuant to Rule 542.F.; and for pound sterling futures All-Or-None (AON) transactions executed pursuant to section "All-Or-None Transactions" of Rule 521.]~~

Remainder of rules are unchanged.

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CHAPTER 251A
OPTIONS ON BRITISH POUND STERLING FUTURES

Rule 251A00 is unchanged.

251A01. OPTION CHARACTERISTICS

Rule 251A01A is unchanged.

251A01.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 pound sterling futures contract as specified in Chapter 251.

251A01.C. Price Increments

The price of an option shall be quoted in U.S. dollars per pound sterling, except as provided in [Rule 584](#) (GLOBEX Volatility Quotes). Each ~~[\$0.0002]~~\$0.0001 per pound sterling (~~[two]~~one point[s]) shall represent ~~[\$12.50]~~\$6.25. For example, a quote of .0070 represents an option price of \$437.50 (70 points x ~~[\$12.50 per 2 points]~~\$6.25 per point). The minimum fluctuation shall be ~~[two points]~~one point (also known as one tick). ~~[A trade may also occur at a price of \$0.0001 (\$6.25, also known as one half tick), \$0.0003 (\$18.75, also known as one and one half ticks), \$0.0005 (\$31.25, also known as two and one half ticks), \$0.0007 (\$43.75, also known as three and one half ticks), and \$0.0009 (\$56.25, also known as four and one half ticks).]~~

If options are quoted in volatility terms, the minimum fluctuation shall be 0.05 percent.

Remainder of rules are unchanged.

INTERPRETATIONS TO CHAPTER 5**CME GLOBEX ERROR TRADE POLICY** (p. xviii)**G. Busting Trades After System Freeze**

In certain types of GLOBEX system failures, it is possible that the matching engine will freeze with live orders in the queue waiting to be matched. When the system is unfrozen, the pending orders can be matched before the GCC can halt the matching engine. The GCC is authorized to bust trades resulting from matches in these circumstances if, and only if, the price of such trades is outside of the No Bust Range at the time that a confirmation of the trades was sent.

GLOBEX Error Trade Tick Range List

<u>Futures Contract</u>	<u>No Bust Range</u>
Eurodollar	5 basis points or less
Libor	2.5 basis points or less
T-Bills	2.5 basis points or less
Fed Fund "Turn"	50 basis points or less
Agency Notes	16 ticks or less
Currency Futures (except British pound)	20 ticks or less
British Pound Futures	[45] 30 ticks or less

Remainder of Interpretation is unchanged.

End of rule changes.

If you have any questions, please contact Mr. Scott Brusso, Director, Foreign Exchange, at (312) 930-3133, or Mr. Steven Youngren, Associate Director, Financial Product Development, at (312) 930-4583.