



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

312/930.1000 tel/  
312/466.4410 fax

## Special Executive Report

S-4277

May 31, 2005

### CME to Launch IWM Futures on June 20, 2005

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) will list futures based on the iShares Russell 2000 (“IWM”) Exchange Traded Fund (“ETF”) on Monday, June 20, 2005, or two weeks after the previously announced launch date of June 6, 2005. Further, the IWM contract shall be traded in units of 200-shares instead of the previously announced 100-share contract unit. This action is taken to the extent that the iShares Russell 2000 ETF will undergo a 2-for-1 split with an ex-date of June 9, 2005.

Note that futures on the Nasdaq-100 Tracking Stock<sup>SM</sup> (“QQQQ”) and the Standard & Poor’s Depository Receipts<sup>®</sup> (“SPDR”) ETFs will be listed on June 6, 2005 per original plans.

#### Summary Terms and Conditions

<b>Contract Size</b>	One-hundred (100) ETF shares of S&P 500 (SPDR); or two-hundred (200) shares of Nasdaq-100 Tracking Stock <sup>SM</sup> (QQQQ) or iShares Russell 2000 (IWM)
<b>Contract Months</b>	March Quarterly Cycle plus first two serial months
<b>Trading Hours</b>	Traded on the GLOBEX <sup>®</sup> electronic trading platform from 8:30 am to 3:15 pm Mondays through Fridays (Chicago times)
<b>Minimum Price Fluctuation</b>	\$0.01 or \$1.00 per contract in context of SPDRs; \$2.00 per contract in context of QQQQs and IWMs
<b>Trading Halts</b>	Trading halts are coordinated with halts in the underlying ETFs
<b>Position Limits</b>	11,250 contracts for QQQQs; 13,500 for IWMs; 22,500 contracts for SPDRs net long or short during the last five (5) trading days of an expiring contract
<b>Final Settlement Date</b>	Third Friday of the Contract Month
<b>Last Trading Day</b>	Trades until the normal close of trading on the Final Settlement Date
<b>Final Settlement</b>	Final settlement is accomplished through delivery of the requisite number of ETF shares

*Below please find amended Rules with additions underlined and deletions bracketed and overstruck.*

## **CHAPTER 710: PHYSICALLY DELIVERED SINGLE SECURITY FUTURES**

### **71000. SCOPE OF CHAPTER**

This chapter is limited in application to contract specifications applied to security futures contracts that require the physical delivery of a single security (a “Physically Delivered Single Security Futures”). Single securities that are eligible for listing per this Chapter 710 include those that meeting the initial listing standards per Exchange Rule 70001 and the maintenance listing standards per Exchange Rule 70002.

### **71001. FUTURES CALL**

#### **71001.A. Trading Unit**

Physically Delivered Single Security Futures contracts shall require the delivery of a particular number of shares, as specified per Rule 71004, of common stock; an exchange traded fund (“ETF Share”); a trust issued receipt (“TIR”); a registered closed-end management investment company (“Closed-End Fund Share”); or, American Depository Receipts (“ADR”).

#### **71001.B. Price Increments**

Physically Delivered Single Security Futures contracts shall be traded in U.S. Dollars with a minimum price increment as determined by the Board of Directors as depicted in Rule 71004.

#### **71001.C. Trading Schedule**

Physically Delivered Single Security Futures contracts may be traded during such hours, for delivery in such months as determined by the Board of Directors.

#### **71001.D. Termination of Trading**

All trading in a particular Physically Delivered Single Security Futures contract shall terminate at the close of business on the third Friday of the contract month.

#### **71001.E. Position Limits**

Position limits shall be applied on Physically Delivered Single Security Futures contracts such that, during the last five trading days of an expiring contract month, a person shall not own or control more than a specified number of contracts net long or net short in the expiring contract month, as depicted in Exchange Rule 71004. Position limits for each Physically Delivered Single Security Futures contract shall be determined on a case-by-case basis at levels no greater than those prescribed by CFTC Regulation §41.25(a)(3).

## **CME Postpones Listing IWM Futures until June 20, 2005 (S-4277)**

**May 31, 2005**

**Page 3 of 4**

### **71001.F. Price Limits and Trading Halts**

There is no daily price limit for Physically Delivered Single Security Futures contracts. Trading of Physically Delivered Single Security Futures shall be halted at all times that a regulatory halt, as defined per SEC Rule 6h-1(a)(3) and CFTC Regulation §41.1(l), has been instituted for the underlying security.

### **71002. SETTLEMENT PRICE**

#### **71002.A. Daily Settlement Price**

Except for the last day of trading on an expiring contract, daily settlement prices shall be determined per Rule 813.

#### **71002.B. Final Settlement Price**

On the last day of trading for an expiring contract, the Final Settlement Price is determined in accordance with Rule 71002.A. unless the Final Settlement Price is fixed in accordance with Rule 70120.

### **71003. DELIVERY**

Three (3) business days after the last trading day for an expiring contract, the National Securities Clearing Corporation and Depository Trust Corporation will facilitate delivery of, and payment for, the underlying common stock, American Depository Receipts, shares of exchange-traded funds, shares of closed-end management investment companies, or trust issued receipts whereby: a seller (*i.e.*, the holder of a net short position) delivers the securities underlying the contract to a respective buyer (*i.e.*, the holder of a net long position); and, in exchange, that buyer pays his respective seller the aggregate dollar amount of the Expiration Day Settlement Price multiplied by the quantity of the underlying securities delivered.

### **71004. APPROVED SECURITIES**

The following securities have been approved by the Board of Directors as the subject of Physically Delivered Single Security Futures Contracts:

<b>Approved Security</b>	<b>Unit of Trading</b>	<b>Minimum Fluctuation</b>	<b>Position Limit in Expiring Contract in Last 5 Trading Days</b>
Nasdaq-100 Tracking Stock <sup>SM</sup> ("QQQQ")	200 shares	\$0.01 or \$2.00 per contract	11,250
Standard & Poor's Depository Receipts <sup>®</sup> ("SPDR")	100 shares	\$0.01 or \$1.00 per contract	22,500
iShares Russell 2000 ("IWM")	<del>100 shares</del> 200 shares	\$0.01 or <del>[\$1.00]</del> \$2.00 per contract	13,500

**71005. EMERGENCIES, ACTS OF GOD, ACTS OF GOVERNMENT**

If delivery or acceptance or any precondition or requirement of either is prevented by a strike, fire, accident, action 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 Directors and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency condition 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.

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 710**

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), does not guarantee the accuracy and/or completeness of the S&P Stock Indices or any data included therein. S&P makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the S&P Index ETFs or any data included therein in connection with the trading of futures contracts, options on futures contracts or any other use. S&P 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 S&P Index ETFs or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

NEITHER FRANK RUSSELL COMPANY'S PUBLICATION OF THE RUSSELL INDEXES NOR ITS LICENSING OF ITS TRADEMARKS FOR USE IN CONNECTION WITH SECURITIES OR OTHER FINANCIAL PRODUCTS DERIVED FROM A RUSSELL INDEX IN ANY WAY SUGGESTS OR IMPLIES A REPRESENTATION OR OPINION BY FRANK RUSSELL COMPANY AS TO THE ATTRACTIVENESS OF INVESTMENT IN ANY SECURITIES OR OTHER FINANCIAL PRODUCTS BASED UPON OR DERIVED FROM ANY RUSSELL INDEX. FRANK RUSSELL COMPANY IS NOT THE ISSUER OF ANY SUCH SECURITIES OR OTHER FINANCIAL PRODUCTS AND MAKES NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO ANY RUSSELL INDEX OR ANY DATA INCLUDED OR REFLECTED THEREIN, NOR AS TO RESULTS TO BE OBTAINED BY ANY PERSON OR ANY ENTITY FROM THE USE OF THE RUSSELL INDEX OR ANY DATA INCLUDED OR REFLECTED THEREIN.

*Please contact John W. Labuszewski, Managing Director, Research & Product Development at 312-446-7469; or, Brett Vietmeier, Director, Equity Products at 312-930-3394 if you have any inquiries regarding this matter.*