



Special Executive Report

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This Special Executive Report contains the following:

Section	Description	Page
1	HICP Futures Contracts Begin Trading on Monday, September 19, 2005	1
2	Overview of HICP futures	2
3	Review of Individual Contract Terms for HICP Futures	4
4	Initial Trading Hours	5
5	Initial Contract Months and Listing Procedures	6
6	Membership Access/New Product Access Program	6
7	Reportable Position Levels and Underlying Cash Instrument for a HICP Futures EFP	7
8	Block Trading	7
9	CME [®] Globex [®] Error Trade Policy	7
10	CME Globex Price Bands	8
11	Promotional Fee Waiver	8
12	Summary of Futures Contract Specification	9
13	Futures Contract Rules	10

1. CME EUROZONE HARMONIZED INDEX OF CONSUMER PRICES (HICP) FUTURES CONTRACTS BEGIN TRADING ON MONDAY, SEPTEMBER 19, 2005

Trading in CME Eurozone Harmonized Index of Consumer Prices ("HICP") futures on Chicago Mercantile Exchange ("CME" or "Exchange") will commence on Monday, September 19, 2005 at 8:00 am London time (2:00 am Chicago time) on the CME Globex electronic trading platform. The futures contract will be allocated to the IMM Division and will be included in the Exchange's "New Product Access Program." Options will not be listed at this time. Trading will be supported by multiple market makers.

Contract design has been based on the needs expressed by the European inflation derivatives market. The contract is similar in concept to the CPI contract, with a crucial difference. Unlike the US contract which tracks annualized per cent change in the price index over a 3-month period, the European version would track annual inflation with monthly settlement. Thus it will represent inflation on a notional value of €1,000,000 for a period of 12 calendar months, as implied by the HICP. The contract has the familiar IMM-style pricing structure of 100 minus the contracted inflation rate, where each 0.01 IMM point is worth €100. The ticker symbol will be "HC".

The contract will be cash settled against the final settlement price of 100 minus the inflation in the twelve-month period preceding the contract month (annualized inflation) implied by the HICP.

The Exchange will list twelve (12) consecutive monthly expiring contracts, starting with the October 2005 through the September 2006 contracts at the commencement of trading. The leading October 2005 contract will expire on October 17, 2005 and will settle to 100 less the annualized inflation implied by the HICP for the twelve-month period between September 2004 (released on October 19, 2004) and September 2005 (released on October 18, 2005).

Hours of trading shall be 8:00 am to 4:00 pm (London time) on Mondays through Fridays. In other words, except when Daylight Savings Time is in effect in either, but not both, London or Chicago, HICP futures will be listed for trading on CME Globex from 2:00 am to 10:00 am (Chicago time) on Mondays through Fridays.

Contacts:

Mr. Sayee Srinivasan, Associate Director, Research and Product Development, at (312) 454-5205
Mr. Larry Grannan, Associate Director, Interest Rate, at (312) 454-8312.

2. OVERVIEW OF HICP FUTURES

In this section, we highlight the salient features of the HICP futures contract.

HICP Futures Design in a Nutshell – Contract design has been based on the needs expressed by the European inflation derivatives market. The design calls for a cash-settled futures contract, with the usual IMM-style quoting convention of 100 minus the contracted annual rate of inflation, where each 0.01 IMM point is worth €100.

Settlement of the HICP futures is effected by cash settlement against the final settlement price of 100 minus the annualized inflation in the twelve-month period preceding the contract month based on the Eurozone Harmonized Index of Consumer Prices excluding tobacco (HICP) published by Eurostat.

Benchmark Eurozone Consumer Price Index series – The reference index for the futures contract is the Harmonized Index of Consumer Prices, excluding tobacco (HICP), for the Eurozone, as calculated by Eurostat. It measures the level of prices for market goods and services consumed by households in the Eurozone. The Eurozone HICP is an aggregate of the member states' HICP's. It is targeted to cover almost 99.1% per of all Eurozone household consumption.

Harmonization refers to the fact that the same methodology and nomenclatures are adopted for the index of prices for all the countries in the Eurozone and the European Union (or EU). This enables comparison of inflation among different member states of the EU.

Aggregation involves the use of weights which equal each country's share in the Eurozone final household consumption. These weights are calculated every year. The 2004 weights were based on consumption numbers from 2002, and went into effect with the calculation of the HICP numbers for January 2004. Annual change is facilitated due to the fact that the index is an annual chained-index. New entrants to the Eurozone are added the same year to the HICP.

Reference Month	HICP Index	Reference Month	HICP Index	Reference Month	HICP Index
Jan-01	106.6	Jul-02	110.6	Jan-04	113.2
Feb-01	106.9	Aug-02	110.6	Feb-04	113.5
Mar-01	107.4	Sep-02	110.9	Mar-04	114.1
Apr-01	108.1	Oct-02	111.2	Apr-04	114.7
May-01	108.6	Nov-02	111.1	May-04	115.0
Jun-01	108.7	Dec-02	111.6	Jun-04	115.1
Jul-01	108.5	Jan-03	111.4	Jul-04	114.8
Aug-01	108.4	Feb-03	111.9	Aug-04	115.1
Sep-01	108.7	Mar-03	112.5	Sep-04	115.2
Oct-01	108.8	Apr-03	112.6	Oct-04	115.7
Nov-01	108.7	May-03	112.6	Nov-04	115.6
Dec-01	109.2	Jun-03	112.7	Dec-04	115.9
Jan-02	109.2	Jul-03	112.5	Jan-05	115.1
Feb-02	109.4	Aug-03	112.7	Feb-05	115.5
Mar-02	110.0	Sep-03	113.1	Mar-05	116.4
Apr-02	110.5	Oct-03	113.2	Apr-05	116.9
May-02	110.7	Nov-03	113.2	May-05	117.2
Jun-02	110.7	Dec-03	113.6	Jun-05	117.3

Eurostat usually publishes the index for the calendar month on a pre-announced day typically between the 16th and 18th of the following month. For example, the HICP figure for the month of June 2004 was

released on July 16, 2004. The following table shows past release dates as well as scheduled release dates of HICP statistics for 2004 and 2005. Note that the release dates do not necessarily fall on a particular weekday. Generally speaking, Eurostat sets the release dates for the immediately following year towards the end of the current calendar year.

Reference Month	Release Date	Reference Month	Release Date
Dec-03	Thursday, January 15, 2004	Dec-04	Wednesday, January 19, 2005
Jan-04	Friday, February 20, 2004	Jan-05	Monday, February 28, 2005
Feb-04	Wednesday, March 17, 2004	Feb-05	Wednesday, March 16, 2005
Mar-04	Wednesday, April 14, 2004	Mar-05	Monday, April 18, 2005
Apr-04	Friday, May 14, 2004	Apr-05	Thursday, May 19, 2005
May-04	Tuesday, June 15, 2004	May-05	Thursday, June 16, 2005
Jun-04	Friday, July 16, 2004	Jun-05	Monday, July 18, 2005
Jul-04	Friday, August 17, 2004	Jul-05	Thursday, August 18, 2005
Aug-04	Thursday, September 16, 2004	Aug-05	Friday, September 16, 2005
Sep-04	Tuesday, October 19, 2004	Sep-05	Tuesday, October 18, 2005
Oct-04	Wednesday, November 17, 2004	Oct-05	Wednesday, November 16, 2005
Nov-04	Friday, December 17, 2004	Nov-05	Friday, December 16, 2005

Final Settlement Procedure - The final settlement price of HICP futures shall be 100 minus annual inflation rate in the twelve-month period preceding the contract month. For a July 2004 contract, the relevant inflation rate would be determined by the HICP for the months June 2003 and June 2004 (released in July 2003 and July 2004 respectively). An expiring futures contract is settled against the inflation history of the past 12 months. To the extent that the actual compilation of the HICP requires time, it is not possible to utilize the contract month as the concluding calendar month for the 12-month period for which inflation is determined.

As shown in the table above, HICP numbers for a particular contract month are always released with a lag. As release dates are published to cover the immediate following calendar year, it is very likely that when a deferred contract month is listed for trading, the precise expiration date will not be known. In such instances, the last trading day of the contract month will be set as the tentative expiration date, which will be finalized once Eurostat publishes its release schedule. The exception would be the February contract, for which the tentative expiration day would be the first business day following the second Tuesday of the following month. This is due to the fact that the scheduled date of release for February (when the January inflation number will be released) is typically the last couple of days of the month. For example, in 2005, the January 2005 HICP number was released on February 28. The release date in the previous year was February 27, 2004.

Any index measures changes in prices in comparison to a reference date. It is typically the case that the value of the index on this reference or base date is set to 100.0. The base date for the HICP is the period 1996. The HICP for the month of June 2004 was 115.1. This indicates that prices for the basket of goods and services underlying the index have risen 15.1 percent since the base period of 1996. In other words, if one unit of this basket cost €10.00 in 1996, the same basket would cost €11.51 in the month of June 2004.

To keep the index relevant, the Eurostat has discretion to change the base date anytime in the future. Given the impact of the change, the agency will tend to give sufficient notice before implementing it. Even after the change, one can easily convert a price index series based on the new base to one based on the old base. As per current rules, the final settlement price of our HICP futures for all listed contract months will refer to the index value computed using the old base. All subsequently listed contract months will be based on the new index series.

Though HICP release dates for different contract months are known in advance, unforeseen delays are possible. In the event that the scheduled release is postponed, trading will not be extended beyond the last business day before the scheduled day of release. As long as the applicable HICP value is released before the end of the calendar month, the usual procedure for determining the final settlement price for

the expiring contract remains applicable. If the delay extends beyond the calendar month, the final settlement price for the affected contract will be calculated using a specific procedure similar to the inflation accretion determination in OAT€i (French IL bonds linked to the HICP) trading. This methodology is described in detail in the next section when we explain the specific contract terms.

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

3. REVIEW OF INDIVIDUAL CONTRACT TERMS FOR HICP FUTURES

This section offers a description and explanation of HICP futures contract terms and conditions. The HICP futures contracts will be listed on the Globex electronic trading platform. Rules pertaining to contract size, final settlement price, quote specification, and tick size, mirror those for our CPI and Eurodollar futures contracts. The crucial difference is that while these are 3-month instruments, the HICP tracks inflation over a 12-month period, and hence, is an annual contract. Other terms replicate extant stock index futures and option contracts.

Contract Size – Rule 41401., COMMODITY SPECIFICATIONS, provides that “[e]ach futures contract shall be valued at €10,000.00 times the Reference HICP Futures Index defined as 100.00 less annual inflation rate in the twelve-month period preceding the contract month based on the Eurozone Harmonized Index of Consumer Prices excluding tobacco (“HICP”) published by Eurostat, the Statistical Office of the European Commission.” Given that the contract tracks annual inflation, the implied €100 value for each 0.01 Index point is similar to that of the CPI futures which tracks quarterly inflation. Thus, one may interpret the contract as a future on a 12-month instrument with a notional value of €1,000,000.

Quotation Specification - Rule 41402.C., Price Increments, specifies that “[b]ids and offers shall be quoted in IMM terms of the Reference HICP Futures Index defined as 100.00 less annual inflation rate in the twelve-month period preceding the contract month based on the Eurozone Harmonized Index of Consumer Prices excluding tobacco (“HICP”) published by Eurostat, the Statistical Office of the European Commission. (Annual inflation at the rate of 3.20% per annum shall be quoted as 96.80). The minimum fluctuation of the futures contract shall be 0.01 index points,” equivalent to €100.00 per contract.

Position Limits - Per Rule 41402.D., Position Limits, states that “[a] person shall not own or control more than 5,000 contracts net long or net short in all contract months combined.”

Rule 41402.F., Exemptions, clarifies that the above limits “shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to arbitrage positions and intercommodity spread positions subject to Rule 543.B.”

Final Settlement Price - Per Rule 41403.A., the Final Settlement Price shall be “the Reference HICP Futures Index for the contract month, rounded to the nearest 1/10000th of a percentage point.” This rounding convention is the same as those for CPI futures as well as for Eurodollar and interest rate swap futures contracts.

“The Reference HICP Futures Index shall be determined by the annual inflation rate in the twelve-month period preceding the contract month based on the Eurozone Harmonized Index of Consumer Prices excluding tobacco (“HICP”) published by Eurostat, the Statistical Office of the European Commission.

For example, the Reference HICP Futures Index for the July 2004 contract is computed using the annualized percentage change from the HICP for June 2003 (released in July 2003) to HICP for June 2004 (released in July 2004). The HICP for June 2003 and June 2004 are 112.7 and 115.1 respectively. The Reference HICP Futures Index for the July 2004 contract shall be 100.00 less the following value,

$$100 * \left[\frac{115.1}{112.7} - 1 \right] = 2.129547471$$

rounded to 2.1295. The Reference HICP Futures Index as well as the Final Settlement Price shall be $100.00 - 2.1295 = 97.8705$."

Notice that at final settlement the inflation covered by the HICP futures is derived for the most recent 12-month period. To the extent that the actual compilation of the HICP requires time, it is not possible to utilize the contract month as the concluding calendar month in the 12-month period for which Reference HICP Futures Index is being determined.

Rule 41403.A., Final Settlement Price, clarifies that "[s]ubsequent revisions to the HICP data shall not be recognized." It also states that "[i]n the event that Eurostat changes the base period, the Reference HICP Futures Index and the Final Settlement Price for the all listed contract months shall be determined by referencing the HICP calculated using the old base period."

In case the HICP numbers have not been released by the end of the contract month, "the Reference HICP Futures Index and the Final Settlement Price shall be computed using the HICP value calculated based on the last twelve-month change in the HICP available. If the HICP for month M is not reported by the end of the next month, (except for the month of February for which if the HICP for month M is not reported by the first business day following the second Tuesday of March), the Exchange will use the following formula to calculate the index number (assuming the last reported HICP was N months prior to month M):

$$HICP_M = HICP_{M-N} \times \left[\frac{HICP_{M-N}}{HICP_{M-N-12}} \right]^{\frac{N}{12}}$$

Suppose the August 2007 HICP has not been released by the end of the September 2007 contract month. The last released HICP for May 2007 was 120.1; the HICP for May 2006 was 105.0. The HICP for August 2007 shall be

$$120.1 \times \left[\frac{120.1}{105.0} \right]^{\frac{3}{12}} = 124.2028137,$$

rounded to 124.2. Such HICP calculations in the case of delays by Eurostat in the release of HICP data beyond the contract month, shall reference only HICP data released by Eurostat or any other European Commission governmental agency or body. Calculated values shall be referenced only for the purpose of determining the Reference HICP Futures Index and the Final Settlement Price for contract months for which relevant HICP data have not been released."

This interpolation technique is similar to that adopted by the Agence France Trésor for its OAT€i securities to compute coupon payments for months for which the Eurostat has not yet released the HICP numbers. Inclusion of this rule helps the Exchange avoid the less preferred option of keeping the contract open beyond the contract month.

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

4. INITIAL TRADING HOURS

On Monday, September 19, 2005, HICP futures will begin trading at 8:00 a.m. London time (2:00 a.m. Chicago time).

CME Globex: 8:00 am to 4:00 pm (London time) on Mondays through Fridays¹.

¹ In other words, except when Daylight Savings Time is in effect in either, but not both, London or Chicago, HICP futures will be listed for trading on CME Globex from 2:00 am to 10:00 am (Chicago time) on Mondays through Fridays.

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

5. INITIAL CONTRACT MONTHS AND LISTING PROCEDURES

The futures listing schedule includes twelve (12) consecutive calendar months.

The last trading day for all contracts will be 4:00 pm (London time) on the business day preceding the scheduled day the HICP announcement is made in the contract month.

At the initial listing of a contract month, if the scheduled date of the release of the HICP for the contract month is undetermined, the Last Trading Day shall be tentatively set to 4:00 pm (London time) on the last business day of the contract month. The exception would be the February contract, for which the tentative Last Trading Day shall be the first business day following the second Tuesday of the following month. Upon the announcement of the HICP release schedule for the contract month, the Last Trading Day shall be reset to 4:00 pm (London time) on the business day preceding the scheduled day of HICP release.

Please note at this time, Eurostat has announced release dates extending through to the November 2005 HICP numbers which will be announced on December 16, 2005. Updated information will be available at http://epp.eurostat.cec.eu.int/pls/portal/url/page/PGP_RELEASE/PGE_DS_RELEASE and www.cme.com/hicp.

INITIAL FUTURES CONTRACT MONTHS

<u>Outrights</u>	<u>GLOBEX</u>	<u>Expiration/Tentative Expiration</u>
Month 1	October 2005	October 17, 2005
Month 2	November 2005	November 15, 2005
Month 3	December 2005	December 15, 2005
Month 4	January 2006	January 31, 2006
Month 5	February 2006	March 8, 2006
Month 6	March 2006	March 31, 2006
Month 7	April 2006	April 28, 2006
Month 8	May 2006	May 31, 2006
Month 9	June 2006	June 30, 2006
Month 10	July 2006	July 31, 2006
Month 11	August 2006	August 31, 2006
Month 12	September 2006	September 29, 2006

FUTURES CONTRACT MONTH LISTING PROCEDURES

CME will list the next futures contract month not yet listed for trading on the business day following termination of the nearby futures contract month.

If you have any questions about the listing of contract months on CME Globex, please contact Mr. Mark LaPedes, Director, Globex Control Center (GCC), at (312) 648-5475.

6. MEMBERSHIP ACCESS/NEW PRODUCT ACCESS PROGRAM

HICP futures will be allocated to the IMM Division. The HICP futures contract will be included in the Exchange's "New Product Access Program." GEM members trading these products will be charged lessee clearing fee rates rather than out-of-division rates for a limited time. GEM members wanting to spread HICP futures with CPI futures or Eurodollar futures must enter orders for those trades either simultaneously with or after the CPI or Eurodollar leg.

Additions are underlined in the following interpretation of Rules 135.A. REGARDING ALLOWABLE SPREADS FOR GEM MEMBERS.

INTERPRETATION OF RULES 135.A. AND 135.B. REGARDING ALLOWABLE SPREADS FOR GEM MEMBERS

Rule 135.A. provides that GEM members may not while on the floor of the Exchange enter orders for products of other Divisions except for bona fide spread transactions involving products within the GEM Division and that GEM members may not solicit business from the floor of the Exchange except for business in products traded in the GEM Division and bona fide spread involving such products.

The only allowable spreads involving non-GEM products that GEM members may enter into or solicit while on the trading floor are listed below:

GSCI	with	Live Cattle and Lean Hogs
Russell 2000	with	S&P 500, S&P Mid-Cap
E-Mini Russell 1000	with	E-Mini S&P 500
S&P/Barra Growth and Value	with	S&P 500, S&P Mid-Cap
Live Cattle Serial (Odd) Months	with	Live Cattle Even Months*
East European Currencies	with	Euro FX
European style currency options	with	British pound, Canadian dollar, Euro FX, Japanese yen and Swiss franc futures or American style options on these futures
CME\$INDEX™	with	Euro FX, Japanese yen, British pound, Swiss franc, Australian dollar, Canadian dollar, Swedish krona
E-Mini NASDAQ Composite	with	E-Mini NASDAQ-100, E-Mini S&P 500, E-Mini S&P MidCap 400, E-Mini Russell 2000, S&P SmallCap 600, Russell 1000, Financial SPCTR, Technology SPCTR
CPI	with	Eurodollar
Yen Denominated Nikkei 225	with	Dollar Denominated Nikkei 225
HICP	with	Eurodollar, CPI

*Provided the GEM member also maintains a Serial Month Live Cattle Permit.

When such spreads are executed on a legged basis, the GEM leg of the spread must always precede the non-GEM leg with the exception of the Live Cattle Serial Months/Live Cattle Even Months spread where either leg may be executed first. Please note that these restrictions do not apply to spreads in which all of the component parts are GEM products.

If you have any questions, please contact Ms. Lori Aldinger, Senior Market Analyst, Financial Product Development, at (312) 930-2337.

7. REPORTABLE POSITION LEVELS AND UNDERLYING CASH INSTRUMENT FOR A HICP FUTURES EFP

For purposes of Rule 817- REPORTS OF LARGE POSITIONS, the minimum levels at which positions must be reported to the Exchange is 25.

At this point in time, HICP futures will not be eligible for EFP.

If you have any questions, please call Mr. Jerry O'Connor, Associate Director, Equity and Interest Rate Surveillance, at (312) 930-3256.

8. BLOCK TRADING

Block trading is allowed in the HICP futures with a minimum threshold set at 50 contracts. Rule 526 – BLOCK TRANSACTIONS defines procedures for block trading. See also the Block Trading FAQ on the CME Web site for frequently asked questions concerning block trading and the minimum thresholds for executing blocks (<http://www.cme.com/allaire/spectra/system/securemediastore/blocktrad.pdf>).

If you have any questions, please call Ms. Lori Aldinger, Senior Market Analyst, Financial Product Development, at (312) 930-2337.

9. CME GLOBEX ERROR TRADE POLICY

The standard CME Globex error trade policy for CPI futures will apply to HICP futures. This includes a no bust range of “5 basis points or less” which is currently applicable for CPI futures.

The changes in the Exchange Rules to reflect this update is shown as follows, with additions underlined and deletions bracketed and overstruck.

RULE 588. GLOBEX TRADE CANCELLATIONS

[Rules A to J are unchanged.]

588K. GLOBEX No Bust Ranges

Futures Contract	No Bust Range
[Eurodollar through TIIE and CPI entries	Unchanged]
HICP Futures	5 basis points or less
[Currency Futures (except British Pound) through remainder of rule	Unchanged]

If you have any questions, please contact CME Globex Control Center (GCC), at (312) 456-2391.

10. CME GLOBEX PRICE BANDS

There are no price limits for CME Globex trading for HICP futures contracts, but price banding is in effect. The price band for HICP futures will be set at twenty basis points (0.20), or twenty (20) ticks (minimum tick size is 0.01), or four (4) times the no bust range of five (5) basis points.

On HICP announcement/release dates, the price band will be widened to two hundred basis points (2.00), or two hundred (200) ticks, or forty (40) times the no bust range of five (5) basis points.

Please refer to Section 2 above for a the list of HICP announcement dates for 2005. The Eurostat tends to announce future release dates towards the end of the calendar year. Updated information is available at http://epp.eurostat.cec.eu.int/pls/portal/url/page/PGP_RELEASE/PGE_DS_RELEASE.

If you have any questions, please contact CME Globex Control Center (GCC), at (312) 456-2391.

11. PROMOTIONAL FEE WAIVER

The HICP futures contract will be eligible for a six-month exchange fee waiver program. All CME Globex and clearing fees will be waived during the tenor of the program. The six-month period begins on the trade date of Monday, September 19, 2005 and ends on the trade date of Tuesday, March 17, 2006. After the conclusion of the six-month fee waiver program, the following fee schedule will be in effect on a per side per contract basis:

Account	Clearing Fees	Globex Fees
Equity Members/Clearing Members/106.I Members/106.S Members	\$0.09	\$0.10
Rule 106.D Lessees / Rule 106.F Employees	\$0.30	\$0.10
Rule 106.R Electronic Corporate Member	\$0.34	\$0.10
Rule 106.H and 106.N Firms	\$0.34	\$0.10
Asian Incentive Program Participants	\$0.34	\$0.10
European Incentive Program Participants	\$0.34	\$0.10
eFX Bank Incentive Program Participants	\$0.64	\$0.55
CBOE Members (reduced for S&P Index & E-mini S&P only)	\$0.64	\$0.55
Customers of Member Firms	\$0.64	\$0.55
	HICP	
Block Trade Surcharge	\$1.75	

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

12. SUMMARY OF FUTURES CONTRACT SPECIFICATIONS

CME Eurozone Harmonized Index of Consumer Prices (HICP) Futures ***Contract Specification Summary***

Ticker Symbol	CME Globex = HC; Clearing = HC
Contract Size	Contract Valued at €10,000 times Reference HICP ex-Tobacco Futures Index
Reference HICP Futures Index	100.00 - annual inflation rate in the twelve-month period preceding the contract month based on the Eurozone Harmonized Index of Consumer Prices excluding tobacco ("HICP") published by the European Statistical Institute ("Eurostat").
Contract Months	12 consecutive calendar months
Trading Venue and Hours²	Available for trading on CME Globex from 8:00 am to 4:00 pm (London time) on Mondays through Fridays.
Minimum Price Fluctuation	0.01 Index points or €100.00 (This will render the notional value of the contract to approximately €1,000,000.)
Price Limit	No price limits. Price banding will be in effect as follows: On non-HICP announcement/release dates, the price band will be set at at twenty basis points (0.20), or twenty (20) ticks (minimum tick size is 0.01), or four (4) times the no bust range of five (5) basis points. On HICP announcement/release dates, the price band will be widened to two hundred basis points (2.00), or two hundred (200) ticks, or forty (40) times the no bust range of five (5) basis points.
Last Trading Day³	4:00 pm (London time) on the business day preceding the scheduled day the HICP announcement is made in the contract month.
Final Settlement Price	By cash settlement on the last day of trading. The final settlement price shall be calculated as 100 less the annual % change in HICP over past 12-months, rounded to four (4) decimal places, or $100 - [100 * ((HICP_t / HICP_{t-12}) - 1)]$ E.g., for the March 2005 contract, the applicable HICP figures are those for February 2005 (115.5, released on March 16, 2005) and February 2004 (113.5, released on March 17, 2004). The final settlement price shall be $98.2379 = 100 - [100 * ((115.5 / 113.5) - 1)]$ Note that a price of over 100.0 suggests deflation during the twelve-month period.
Position Limits	5,000 HICP Futures Contracts, net long or short in all contract months combined

² In other words, except when Daylight Savings Time is in effect in either, but not both, London or Chicago, HICP futures will be listed for trading on CME Globex from 2:00 am to 10:00 am (Chicago time) on Mondays through Fridays.

³ At the initial listing of a contract month, if the scheduled date of the release of the HICP for the contract month is undetermined, the Last Trading Day shall be tentatively set to 4:00 pm (London time) on the last business day of the contract month. The exception would be the February contract, for which the tentative Last Trading Day shall be the first business day following the second Tuesday of the following month. Upon the announcement of the HICP release schedule for the contract month, the Last Trading Day shall be reset to 4:00 pm (London time) on the business day preceding the scheduled day of HICP release.

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

13. FUTURES CONTRACT RULES

CHAPTER 414: FUTURES ON THE EUROZONE HARMONIZED INDEX OF CONSUMER PRICES (HICP)

41400. SCOPE OF CHAPTER

This chapter is limited in application to futures trading in CME Eurozone Harmonized Index of Consumer Prices excluding tobacco ("HICP") published by Eurostat, the Statistical Office of the European Commission. The procedures for trading, clearing, delivery, settlement and any other matters not specifically contained herein shall be governed by the rules of the Exchange.

41401. COMMODITY SPECIFICATIONS

Each futures contract shall be valued at €10,000.00 times the Reference HICP Futures Index defined as 100.00 less annual inflation rate in the twelve-month period preceding the contract month based on the Eurozone Harmonized Index of Consumer Prices excluding tobacco ("HICP") published by Eurostat, the Statistical Office of the European Commission.

41402. FUTURES CALL

41402.A. Trading Schedule

Futures contracts shall be scheduled for trading and delivery during such hours and in such months as may be determined by the Board of Directors.

41402.B. Trading Unit

The size of the unit of trading shall be the €10,000.00 times the Reference HICP Futures Index defined as 100.00 less annual inflation rate in the twelve-month period preceding the contract month based on the Eurozone Harmonized Index of Consumer Prices excluding tobacco ("HICP") published by Eurostat, the Statistical Office of the European Commission.

41402.C. Price Increments

Bids and offers shall be quoted in IMM terms of the Reference HICP Futures Index defined as 100.00 less annual inflation rate in the twelve-month period preceding the contract month based on the Eurozone Harmonized Index of Consumer Prices excluding tobacco ("HICP") published by Eurostat, the Statistical Office of the European Commission. (Twelve-month or year-to-year inflation at the rate of 3.20% per annum shall be quoted as 96.80).

Minimum fluctuations of the futures contract shall be in multiples of 0.01. For each 0.01 increase in the futures contract the Clearing House shall credit (€100.00 per contract) those clearing members holding open long positions and debit (€100.00 per contract) those clearing members holding open short positions.

41402.D. Position Limits

A person shall not own or control more than 5,000 contracts net long or net short in all contract months combined.

41402.E. Accumulation of Positions

For 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.

41402.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to arbitrage positions and intercommodity spread positions subject to Rule 543.B.

41402.G. Termination of Trading

Futures trading shall terminate at 4:00 p.m. (London time)* on the business day preceding the day of the release of the Eurozone Harmonized Index of Consumer Prices excluding tobacco ("HICP") by Eurostat, the Statistical Office of the European Commission, in the contract month.

*This is 10:00 a.m. (Chicago time) except when Daylight Savings Time is in effect in either, but not both, London or Chicago.

41402.H. Contract Modifications

Specifications shall be fixed as of the first day of trading on a contract, except that all deliveries must conform to government regulations in force at the time of delivery. If any European Commission governmental agency or body 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.

41402.I. [Reserved]

41403. SETTLEMENT PROCEDURES

Delivery under the Eurozone Harmonized Index of Consumer Prices excluding tobacco futures contracts shall be by cash settlement.

41403.A. Final Settlement Price

The Final Settlement Price shall be the Reference HICP Futures Index for the contract month, rounded to the nearest 1/10000th of a percentage point. The Reference HICP Futures Index shall be determined by the annual inflation rate in the twelve-month period preceding the contract month based on the Eurozone Harmonized Index of Consumer Prices excluding tobacco ("HICP") published by Eurostat, the Statistical Office of the European Commission.

For example, the Reference HICP Futures Index for the July 2004 contract is computed using the annualized percentage change from the HICP for June 2003 (released in July 2003) to HICP for June 2004 (released in July 2004). The HICP for June 2003 and June 2004 are 112.7 and 115.1 respectively. The Reference HICP Futures Index for the July 2004 contract shall be 100.00 less the following value,

$$[100 * ((115.1 \div 112.7) - 1)] = 2.129547471,$$

rounded to 2.1295. The Reference HICP Futures Index as well as the Final Settlement Price shall be $100.00 - 2.1295 = 97.8705$.

For the purpose of determining the Reference HICP Futures Index and the Final Settlement Price, the HICP data as originally released shall be referenced in the calculations. Subsequent revisions to the HICP data shall not be recognized. For example, the HICP for June 2003 as originally released in July 2003 shall be referenced in the calculation of the Reference HICP Futures Index for the July 2004 contract. Any subsequent revision to the HICP for June 2003 shall not be recognized.

In the event that Eurostat does not publish the HICP during the contract month, the Reference HICP Futures Index and the Final Settlement Price shall be computed using the HICP value calculated based on the last twelve-month change in the HICP available. If the HICP for month M is not reported by the end of the next month, (except for the month of February for which if the HICP for month M is not reported by the first business day following the second Tuesday of March), the Exchange will use the following formula to calculate the index number (assuming the last reported HICP was N months prior to month M):

$$CPI_M = CPI_{M-N} \times \left[\frac{CPI_{M-N}}{CPI_{M-N-12}} \right]^{\frac{N}{12}}$$

Suppose the August 2007 HICP has not been released by the end of the September 2007 contract month. The last released HICP for May 2007 was 120.1; the HICP for May 2006 was 105.0. The HICP for August 2007 shall be

$$120.1 \times \left[\frac{120.1}{105.0} \right]^{\frac{3}{12}} = 124.2028137,$$

rounded to 124.2. Such HICP calculations in the case of delays by Eurostat in the release of HICP data beyond the contract month, shall reference only HICP data released by the Eurostat or any other European Commission governmental agency or body. Calculated values shall be referenced only for the purpose of determining the Reference HICP Futures Index and the Final Settlement Price for contract months for which relevant HICP data have not been released.

In the event that Eurostat changes the base period, the Reference HICP Futures Index and the Final Settlement Price for the all listed contract months shall be determined by referencing the HICP calculated using the old base period. The Reference HICP Futures Index and the Final Settlement Price for all subsequently listed contract months shall be determined by referencing the HICP calculated using the new base period.

41403.B. Final Settlement

Clearing members holding open positions in HICP futures contract at the time of termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

41404. EMERGENCIES, ACTS OF GOD, ACTS OF GOVERNMENT

If the Exchange President determines that the calculation of the Final Settlement Price is prevented by strike, fire, accident, act of government, or act of God, 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 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 414)

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