



Special Executive Report

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CME to List E-Mini™ NASDAQ® Biotechnology Index Futures

On April 25, 2005, the Board approved the listing of E-Mini NASDAQ Biotechnology Index® futures. Trading will commence exclusively on CME® Globex® on **Monday, September 26, 2005** at 8:30am. This product will be part of the New Product Access Program and CME Globex fees will be waived for customers through the end of December 2005. Individual contract terms follow including the contract specifications and rule language.

- **Contract Size** - Rule 36001., COMMODITY SPECIFICATIONS, provides that “[e]ach futures contract shall be valued at \$50.00 times the NASDAQ Biotechnology Index. The NASDAQ Biotechnology Index is a modified capitalization weighted stock index of stocks traded on the NASDAQ National Market.” As of this writing, the Index was in the vicinity of 780 index points - this equates to a contract value of approximately \$39,000. This figure is not inconsistent with the size of many other extant futures contracts, particularly, the Exchange’s line of “E-Mini” contracts.
- **Quotation Specification** - Rule 36002.C., Price Increments, specifies that “[b]ids and offers shall be quoted in terms of the NASDAQ Biotechnology Index. The minimum fluctuation of the futures contract shall be 0.10 index points, equivalent to \$5.00 per contract. Trades may also occur in multiples of 0.05 index points, for E-Mini NASDAQ Biotechnology futures calendar spreads executed as simultaneous transactions pursuant to Rule 542.A.”
- **Position Limits** - Per Rule 36002.D., Position Limits, states that “[a] person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For positions involving options on E-Mini NASDAQ Biotechnology Index futures, this rule is superseded by the option speculative position limit rule.”
- **Price Limits** – Rule 36002.I., Price Limits, Trading Halts and/or Trading Hours, establishes a daily price limit system that is calibrated and administered in exactly the same fashion as that applied to all other domestic stock index futures traded on the Exchange.
- **No-Bust Range** – The GLOBEX error trade policy is amended to specify a “no-bust range” of 12.00 index points per contract.

E-Mini NASDAQ Biotechnology Index Futures and Options

	Futures
Contract Size	\$50 times the E-Mini NASDAQ Biotechnology Index
Contract Months	Two months out in the March Quarterly Cycle
GLOBEX[®] Trading Hours (CST)	Mon/Thurs 3:30 p.m.-3:15 p.m.; Shutdown period from 4:30 p.m. to 5:00 p.m. nightly; Sun & Hol 5:00 p.m.-3:15 p.m.
Minimum Price Fluctuation	0.10 Index Points or \$5.00
Price Limits	5%, 10%, 15% and 20% Limits – see Rulebook for details
Position Limits	10,000 E-Mini NASDAQ Biotechnology Index Contracts or the Combined Futures Equivalent
Final Settlement Date	Third Friday of the contract month
Last Trading Day	Trades until 8:30 a.m. (Chicago time) on Final Settlement Date.
Final Settlement Price	Based upon a Special Opening Quotation of the NASDAQ Biotechnology Index
Strike Interval	-
Listing Range	-
Ticker Symbols	Futures symbol is “BIO”; Spot Index is “NBI”; Clearing Code is “BQ”

CHAPTER 360 E-MINI[™] NASDAQ[®] BIOTECHNOLOGY STOCK INDEX FUTRES

36000. SCOPE OF CHAPTER

This chapter is limited in application to futures trading in the E-Mini Nasdaq Biotechnology Index. The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

36001. COMMODITY SPECIFICATIONS

Each futures contract shall be valued at \$50.00 times the E-Mini Nasdaq Biotechnology Index. The Nasdaq Biotechnology Index is a modified capitalization-weighted index comprised of stocks that are classified as either pharmaceutical or biotechnology.

36002. FUTURES CALL

36002.A. Trading Schedule

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

36002.B. Trading Unit

The unit of trading shall be \$50.00 times the Nasdaq Biotechnology Index.

36002.C. Price Increments

Bids and offers shall be quoted in terms of the Nasdaq Biotechnology Index. The minimum fluctuation of the futures contract shall be .10 index points, equivalent to \$5.00 per contract. Trades may also occur in multiples of 0.05 index points, for E-Mini Nasdaq Biotechnology futures calendar spreads executed as simultaneous transactions pursuant to Rule 542.A.

36002.D. Position Limits

A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined. For positions involving options on E-Mini Nasdaq Biotechnology Index futures, this rule is superseded by the option speculative position limit rule.

36002.E. Accumulation of Positions

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

36002.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange and (2) other positions exempted pursuant to Rule 543.

36002.G. Termination of Trading

Futures trading shall terminate on the day of determination of the Final Settlement Price.

36002.H. Contract Modifications

Specifications shall be fixed as of the first day of trading of a contract. If any U.S. 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.

36002.I. Price Limits, Trading Halts, and/or Trading Hours

Daily price limits and trading halts of the E-Mini Nasdaq Biotechnology Index futures contract shall be coordinated with trading halts of the underlying stocks listed for trading in the securities markets.

For the purpose of this rule, the primary E-Mini futures contract shall be defined as the futures contract trading in the lead month and Exchange staff shall have the responsibility of determining whether the primary futures contract is limit offered.

For the first day of trading in a newly listed contract, there will be an implied previous business day's settlement price, created by the Exchange for the sole purpose of establishing price limits. The implied settlement price will be created by extrapolating the annualized percentage carry between the two contract months immediately prior to the newly listed contract.

Price Limits: There shall be Price Limits corresponding to a 5.0%, 10.0%, 15.0% and 20.0% decline below the Settlement Price of the preceding trading session calculated as provided below.

The 5.0%, 10.0%, 15.0% and 20.0% Price Limits shall be calculated at the beginning of each calendar quarter, based upon the average closing price of the current primary futures contract, during the month prior to the beginning of the quarter (P) and rounded, as follows.

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5.0% Price Limit	equals	One-half of the 10% Price Limit rounded down to nearest integral multiple of 1 index point
10.0% Price Limit	equals	10% of P rounded down to nearest integral multiple of 5 index points
15.0% Price Limit	equals	1.5 times the 10.0% Price Limit rounded down to the nearest integral multiple of 1 index point.
20.0% Price Limit	equals	2 times the 10.0% Price Limit

Once the primary futures contract is limit offered at the 5.0% Price Limit, a 10-minute period shall commence. This price limit shall cease to be in effect at the end of the 10-minute period or 45 minutes preceding the scheduled close of trading. If the primary futures contract is limit offered at the end of the 10-minute period, or 45 minutes before the scheduled close of trading, trading shall terminate for a period of two minutes, after which time the market shall reopen. The next applicable Price Limit shall apply to such reopening.

When the primary futures contract is limit offered at the 10.0% Price Limit, a 10-minute period shall commence. If the primary futures contract is limit offered at the end of the 10-minute period, trading shall terminate for a period of two minutes, after which time the market shall reopen. The next applicable Price Limit shall apply to such reopening.

When the primary futures contract is limit offered at the 15.0% Price Limit, a 10-minute period shall commence. If the primary futures contract is limit offered at the end of the 10-minute period, trading shall terminate for a period of two minutes, after which time the market shall reopen. The 20% Price Limit shall apply to such reopening and shall represent the Total Daily Price Limit.

Trading Halts: If there is a trading halt declared in the primary securities market, trading shall be halted. Once trading in the primary securities market resumes after a trading halt, trading on the E-Mini Nasdaq Biotechnology Index futures contract shall resume.

Second Day Limits: If the primary futures contract is limit offered at the 20.0% Price Limit as of the close of Regular Trading Hours, the subsequent trading session shall be subject to modified limits as follows.

If, during a trading session subject to Second Day Limits, the primary futures contract is limit offered at the 5.0%, 10.0% or 15.0% Price Limit, a 10-minute period shall commence. These price limits shall cease to be in effect at the end of the 10-minute period or 45 minutes preceding the scheduled close of trading. If the primary futures contract is limit offered at the 5.0%, 10.0% or 15.0% Price Limit at the end of the 10-minute period, or 45 minutes before the scheduled close of trading, trading shall terminate for a period of two minutes, after which time the market shall reopen. The next applicable Price Limit shall apply to such reopening. The 20% Price Limit shall represent the Total Daily Price Limit.

If, during a trading session subject to Second Day Limits, there is a trading halt declared in the primary securities market, trading shall be halted. Once trading in the primary securities market resumes after a trading halt, trading on the E-Mini Nasdaq Biotechnology Index futures contract shall resume.

Opening Time: The opening time of trading on GLOBEX will be the same as the opening time of GLOBEX trading of S&P 500 contracts. In particular, the opening time of GLOBEX trading will be delayed until 6:00 p.m. if GLOBEX trading of S&P 500 contracts is delayed until 6:00 p.m.

During trading hours, there shall be no trading of E-Mini Nasdaq Biotechnology Index futures at a price more than the 5.0% Price Limit above or below the Reference Price. If the market is limit bid two minutes prior to the opening, the Price Limit that is 5.0% above the Reference Price shall be removed at that time.

36003. SETTLEMENT PROCEDURES

Delivery under the E-Mini Nasdaq Biotechnology Index Futures contract shall be by cash settlement.

36003.A. Final Settlement Price

The Final Settlement Price shall be determined on the third Friday of the contract month or, if the Nasdaq Biotechnology Index is not scheduled to be published for that day, on the first earlier day for which the Index is scheduled to be published.

The final settlement price shall be a Special Opening Quotation of the Nasdaq Biotechnology Index to be determined by the Nasdaq Stock Market Inc. ("Nasdaq"). If the Nasdaq does not open on the day scheduled for the determination of the Final Settlement Price, then the Final Settlement Price shall be the Special Opening Quotation of the first subsequent day on which Nasdaq does open.

The Special Opening Quotation of the Nasdaq Biotechnology Index shall be based on the Nasdaq Official Opening Price (NOOP) of Nasdaq Biotechnology Index stocks.

If a component stock in the index does not trade after 8:30 a.m. and before 3:00 p.m. on the day scheduled for determination of the Final Settlement Price while Nasdaq is open for trading, the price of that stock shall be determined, for the purposes of calculating the Final Settlement Price, based on the closing price of that stock on the preceding trading day. However, if the President of the Exchange or his delegate determines that there is a reasonable likelihood that trading in the stock shall occur shortly, the President or his delegate may instruct that the price of stock shall be based, for the purposes of calculating the Final Settlement Price, on the NOOP of the stock on the next day that it is traded on its primary market. Factors to be considered in determining whether trading in the stock is likely to occur shortly shall include the nature of the event and recent liquidity levels in the affected stock.

36003.B. Final Settlement

Clearing members holding open positions in a Nasdaq Biotechnology Index 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.

36004. 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 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.

36005. - 06. [RESERVED]

(End Chapter 360)

***INTERPRETATIONS AND SPECIAL NOTICES
RELATING TO CHAPTER 360***

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