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Special Executive Report

S-4395

January 5, 2006

MODIFICATIONS TO RULE 550 EFFECTIVE JANUARY 9, 2006

On December 21, 2005, the Exchange approved amendments to Rule 550 ("Post Settlement Session") that will become **effective on Monday, January 9, 2006**. The amendments were the result of the Trading Floor Operations Committee ("Committee") and CME staff reviewing the process begun earlier this year wherein CME® Eurodollar futures final settlement prices in the first eight quarterly contract months began to be derived using the range of prices (including bids and offers) trading from 1:59 to 2:00 p.m. on the CME® Globex® electronic trading platform.

Currently, staff of Trading Floor Operations adjusts final settlement prices as necessary in these contract months so that consecutive month butterflies and three-month calendar spreads are not violated. At its recent meeting, it was determined that it was in the best interest of the market for staff to try to ensure as practicable that the spread between the last red contract month (eighth month) and the first green contract month (ninth month) and the six- and nine-month calendar spreads were not violated.

In order for Trading Floor Operations staff to have sufficient time to determine final settlement prices in the first eight quarterly contract months such that the various spreads are not violated, the Committee determined that a change to CME Rule 550 ("Post Settlement Session") was necessary to decouple the start of the post settlement session from the posting of the final settlement prices. The change to CME Rule 550 creates a "post close" session for CME Eurodollar and Libor futures that will, as of the effective date of the amendments, begin at a fixed time each day regardless of whether the final settlement prices have been posted. Additionally, the Committee determined that the range of prices that should be eligible to trade in the new post close session should be prices that traded in the pit during the closing range of pit trading in addition to prices that traded on CME Globex (including bids and offers) from 60 seconds prior to the close of pit trading through the end of the post close session in order to ensure that customer orders for pit execution were able to trade at the most advantageous price existing in the market at the time the order was filled.

The text of the amendments appears below with additions underlined and deletions overstruck. If you have any questions concerning the amendments, please contact Vic Zelener, Director, Trading Floor Operations, at 312/930.8258, Tom Lord, Associate Director, Trading Floor Operations, at 312/338.2881, or Eric S. Wolff, Managing Director, Regulatory Affairs, at 312/930.3255.

550. **POST SETTLEMENT SESSION AND POST CLOSE SESSION**

After the posting of the settlement price or two minutes after the close of Regular Trading Hours for pit-and board-traded futures and options contracts, whichever is later, trading may resume for a period of no longer than three minutes, subject to the following exception. In the case of Eurodollar and Libor futures, there will be a post close session that shall begin no earlier than two minutes after the close of pit trading. The post close

~~session shall not be contingent upon the posting of Eurodollar and Libor futures final settlement price trading during the post settlement session may take place only in the first eight contract months in the March quarterly cycle, the first four serial contract months, and in spreads and combinations involving Eurodollar futures.~~

During the post settlement or post close session, members are obligated to bid or offer any orders that: (1) were received prior to the close; (2) were executable in the closing range; and (3) are executable in the post settlement or post close session. In addition, members are obligated to bid or offer any orders, including customer orders, that were received after the close and are executable in the post settlement or post close session.

The range of prices eligible for trading outright futures or options contracts in the post settlement session shall be the closing range, with the following exceptions. Trades during the post settlement session may occur only at the settlement price and the next two ticks in the direction of the closing range for interest rate contracts excluding Eurodollar and Libor futures. In Eurodollar and Libor futures, trades during the post close session may occur at prices that traded during the closing range of pit trading or that traded on Globex (including bids and offers) from 60 seconds prior to the close of pit trading through the end of the post close session. For equity index and currency contracts, trades during the post settlement session may occur at the settlement price, prices within the closing range, or any valid intervening price between the settlement price and the closing range only. However, on those days when equity contracts are settled per their "Fair Value" as determined by the Exchange pursuant to Rule 813.D., trades in the post settlement session in those contracts shall be within their closing range of prices.

A simultaneous spread or combination transaction executed pursuant to Rule 542 may be transacted during the post settlement or post close session at a differential which is consistent with the spread differentials prevailing during the closing range. The price assignment conventions and conditions set forth in Rule 542 shall apply to any simultaneous spread or combination transaction executed in the post settlement or post close session.

Except as otherwise specifically set forth in this rule, the rules applicable to trading during Regular Trading Hours shall be applicable to trading during the post settlement or post close session.