



Special Executive Report

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1. CME HOUSING FUTURES AND OPTIONS ON FUTURES CONTRACTS BEGIN TRADING ON MONDAY, MAY 22, 2006

CME Housing futures will begin trading on Sunday, May 21, 2006 at 5:00 pm (Central time) on Chicago Mercantile Exchange ("CME" or "Exchange") Globex electronic trading platform for the first trade date of May 22, 2006. The options on the futures will begin trading in the CME GSCI pit at 8:00 am (Central time) on May 22, 2006. The Exchange will list the first four quarterly expirations in the February quarterly cycle (February, May, August, and November) for cash settlement beginning with the August 2006 contract.

The futures and options contracts will be allocated to the GEM Division. Trading in the futures contracts will be supported by a lead market maker.

These contracts are based on the Standard & Poor's/Case-Shiller® Home Price Indices ("SPCSIs", or "S&P/CS Indexes" or "the Indexes") which are designed to track the pricing performance of residential housing values. CME intends to list futures and options on ten (10) indexes representing housing price performance in the metropolitan areas of Boston, Chicago, Denver, Las Vegas, Los Angeles, Miami, New York, San Diego, San Francisco, Washington D.C.; and, a composite index that represents a weighted average of the 10 metro area indices.

The Housing futures contract will be cash settled. The European-style Housing options contracts will be exercised into the associated futures contract. The final settlement price for the Housing futures contracts shall be the reference S&P/Case-Shiller Metro Area Home Price Index released on the last Tuesday of the expiring contract month.

The notional size of each metro area Housing futures contracts shall be \$250 times the reference SPCSI, e.g., if the S&P/Case-Shiller Los Angeles Home Price Index for June 2006, scheduled to be released on August 29, 2006 comes in at 270.00, the August 2006 Housing futures contract for Los Angeles will settle to this value, and have a notional contract size of \$67,500.

Hours of trading for the housing futures shall be Sundays-Thursdays, 5:00 pm-2:00 pm (central time) the next day. Hours of trading for the housing options on futures shall be Monday–Friday, 8:00 am–2:00 pm (central time).

Contacts:

Mr. Sayee Srinivasan, Associate Director, Research and Product Development, at (312) 454-5205, and Mr. Dave Smith, Manager, Alternative Investments, at (312) 634-8921.

2. OVERVIEW OF S&P/Case-Shiller Home Price Indexes

The S&P/Case-Shiller Home Price Indices (“S&P/CS” or “SPCSIs” or “Index”) as published by Fiserv CSW Inc. (CSW) are widely recognized as the most reliable and authoritative measures of residential housing price movements for a variety of purposes, including loan portfolio due diligence, customer retention, loss reserve reviews, market surveillance, mortgage default, loss and prepayment analyses. The SPCSIIs represent market-specific time series designed to accurately track residential single-family home values.

The development of the SPCSIIs was pioneered in the 1980s by CSW's research principals, Karl E. Case and Robert J. Shiller. In particular, Case and Shiller developed the repeat sales pricing technique, a methodology that is recognized as the most reliable means to measure housing price movement and a technique that has been applied by other most modern home price index publishers notably the Office of Federal Housing Enterprise Oversight (OFHEO).

SPCSIs are designed to be a reliable and consistent benchmark of housing prices in the United States. Their purpose is to measure the average change in home prices in a particular geographic market. They cover ten major metropolitan areas (Metropolitan Statistical Areas or MSAs), which are also aggregated to form a national composite. The indices measure changes in housing market prices given a constant level of quality. Changes in the types and sizes of houses or changes in the physical characteristics of houses are specifically excluded from the calculations to avoid incorrectly affecting the index value.¹

These indices are generated and published under agreements between Standard & Poor's, Fiserv CSW Inc., and MacroMarkets.

The S&P/Case-Shiller Metro Area Home Price Indices use the “repeat sales method” of index calculation – an approach that is widely recognized as the premier methodology for indexing housing prices – which uses data on properties that have sold at least twice, in order to capture the true appreciated value of each specific sales unit.

The main variable used for index calculation is the price change between two arms-length sales of the same single-family home. The index is calculated using transaction data on residential properties that satisfy the eligibility criteria. “To be eligible to be included in the indices, a house must be a single-family dwelling. Condominiums and co-ops are specifically excluded. Houses included in the indices must also have two or more recorded arms-length sale transactions. As a result, new construction is excluded.

Three-month rolling quarters – The indices are calculated monthly, using a three-month moving average algorithm. Home sales pairs are accumulated in rolling three-month periods, on which the repeat sales methodology is applied. The index point for each reporting month is based on sales pairs found for that month and the preceding two months. For example, the December 2005 index point is based on repeat sales data for October, November and December of 2005. This averaging methodology is used to offset delays that can occur in the flow of sales price data from county deed recorders and to keep sample sizes large enough to create meaningful price change averages.

¹ The Index description below is based on an index methodology document titled “S&P/Case-Shiller Metro Area Home Price Indices” published by the Standard & Poors, dated April 2006. Supplemental information is available in a document titled “Tradable Case-Shiller® Indexes – A Primer”, published by MacroMarkets LLC, available online at http://macromarkets.com/csi_housing/documents/TradableCSI_Primer_Brochure.pdf.

The Indexes are produced on a monthly basis and released at 1:15 pm Central Time (2:15 pm Eastern) on the last Tuesday of each calendar month, representing activity in the previous calendar quarter. Here is an illustration of the composition of a series of monthly SPCSI releases:

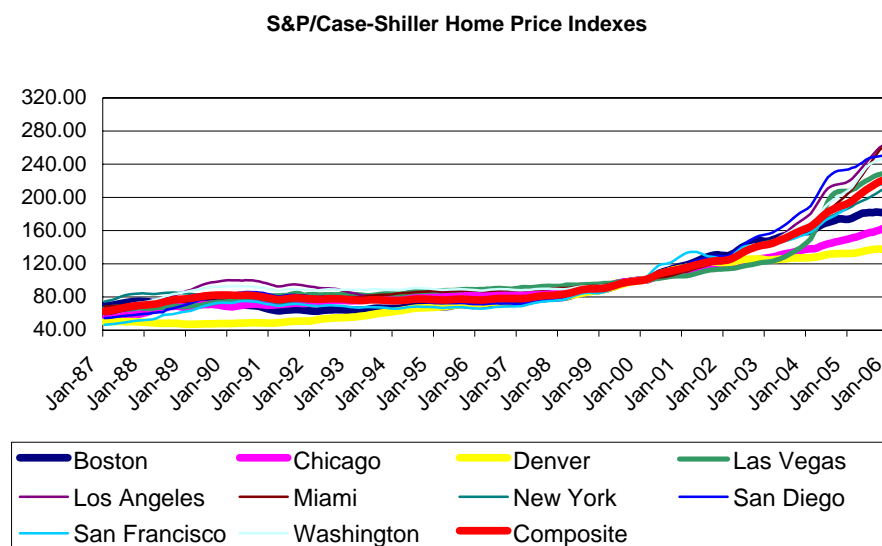
Paired sales – Data is collected on transactions of all residential properties during the months in question. The main variable used for index calculation is the price change between two arms-length sales of the same single-family home. For each home sale transaction, a search is conducted to find information regarding any previous sale for the same house. If an earlier transaction is found, the two transactions are paired and are considered a “sale pair”. Sale pairs are designed to yield the price change for the same house, while holding the quality and size of each house constant.”

Weighting of Sales Pairs – The indices are designed to reflect the average change in market prices for constant-quality homes in a geographic market. However, individual home prices are used in these calculations and can fluctuate for a number of reasons. In many of these cases, the change in value of the individual home does not reflect a change in the housing market of that area; it only reflects a change in that individual home. The index methodology addresses these concerns by weighting sales pairs.

The weights described below track different changes in home prices based on their statistical distribution in that geographic region. The first set of weights control for price changes unrelated to market trends. In other words, price changes for an individual home that may be caused by factors other than market forces, factors that are not reflected in the information available from deed records.

A second set of weights control for the length of time between two sales. This adjusts recorded home price changes to account for the fact that over longer time intervals, the price changes for individual homes are more likely to be caused by non-market factors.

Base period - The Indexes are established with a base value of 100.00 in the quarter ending March 2000 (the “base year”). SPCSI are generated for geographic areas located across the entire United States and categorized on the basis of property type and price level. These geographic areas include U.S. Census Divisions, state, Metropolitan Statistical Area (MSA), counties and ZIP codes.



Index Revision - Similar to other macroeconomic indicators and statistical measures, the SPCSI are subject to revisions. For a period of up to 2 (two) years, when any new sales data pertaining to a time period covered by a previous SPCSI release is reported and new, valid sale pairs can be created, this information is added to the database, and can result in revision.

Subject Indexes – CME will list futures and options based on indexes depicting matched sale prices for single family residential dwellings in ten (10) metropolitan statistical areas ("MSAs"). The 10 MSAs include Boston, Chicago, Denver, Las Vegas, Los Angeles, Miami, New York², San Diego, San Francisco and Washington D.C. In addition, the Exchange will further list futures and options based upon a composite index of the ten MSAs. The S&P/Case-Shiller Composite Home Price Index is a weighted-average of the individual metro area indices, with the weights reflecting the value of the housing stock in each individual metro.

Subject Index Representation

Metropolitan Statistical Area	State / County Representation
Boston-Cambridge-Quincy, MA-NH Metropolitan Statistical Area	<u>Massachusetts:</u> Essex, Middlesex, Norfolk, Plymouth, Suffolk <u>New Hampshire:</u> Rockingham, Strafford
Chicago-Naperville-Joliet, IL Metropolitan Division	<u>Illinois:</u> Cook, DeKalb, DuPage, Grundy, Kane, Kendal McHenry, Will
Denver-Aurora, CO Metropolitan Statistical Area	<u>Colorado:</u> Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, Park
Las Vegas-Paradise, NV Metropolitan Statistical Area	<u>Nevada:</u> Clark
Los Angeles-Long Beach- Glendale, CA Metropolitan Division	<u>California:</u> Los Angeles, Orange
Miami-Fort Lauderdale-Miami Beach, FL Metropolitan Statistical Area	<u>Florida:</u> Broward, Miami-Dade, Palm Beach
New York City Area	<u>Connecticut:</u> Fairfield, New Haven <u>New Jersey:</u> Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, Warren <u>New York:</u> Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, Westchester <u>Pennsylvania:</u> Pike
San Diego-Carlsbad-San Marcos, CA Metropolitan Statistical Area	<u>California:</u> San Diego
San Francisco-Oakland-Fremont,	

² Actually, the CSW New York Commuter Index is not an MSA but, rather, "represents a customized metro area that measures single-family home values in select New York, New Jersey and Connecticut counties with significant populations that commonly commute to New York City for employment purposes."

CA Metropolitan Statistical Area	<u>California:</u> Alameda, Contra Costa, Marin, San Francisco, San Mateo
Washington-Arlington-Alexandria, DCVA- MD-WV Metropolitan Statistical Area	<u>District of Columbia</u> <u>Maryland:</u> Calvert, Charles, Frederick, Montgomery, Prince Georges <u>Virginia:</u> Alexandria City Arlington, Clarke, Fairfax, Fairfax City, Falls Church City, Fauquier, Fredericksburg City, Loudoun, Manassas City, Manassas Park City, Prince William, Spotsylvania, Stafford, Warren <u>West Virginia:</u> Jefferson

Composite Index – The composite home price index is analogous to a cap-weighted equity index, where the aggregate value of housing stock represents the total capitalization of all of the metro areas included in the composite. The table below lists the normalized weights for calculating index points from January 2000 onward. As these weights are calculated using Census data, any revisions to these weights will typically happen once a decade after the release of the Census survey reports.

Normalized Composite Weights	2000
Boston	7.4122%
Chicago	8.8868%
Denver	3.6825%
Las Vegas	1.4802%
Los Angeles	21.1620%
Miami	4.9862%
New York	27.2390%
San Diego	5.5134%
San Francisco	11.7879%
Washington, DC	7.8500%
<i>Source: Fiserv CSW</i>	

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 HOUSING FUTURES AND OPTIONS

This Section is intended to provide a review of the individual contract terms and conditions associated with CME Housing futures and options. The following section provides a complete copy of the contract rules.

For the sake of clarity, we have two sets of chapters for the contracts on the individual metro areas and on the composite index respectively.

- Chapters 419 and 419A cover Exchange rules for the futures on the ten (10) individual S&P/Case-Shiller Metro Areas Home Price Indices and the options on these futures respectively.
- Chapters 420 and 420A cover Exchange rules for the futures on the S&P/Case-Shiller Composite Home Price Index and the options on these futures respectively.

In the review provided below, we will quote rule language from Chapters 419 and 419A, except when these diverge from the language for futures and options on the composite index.

Contract Size – Rule 41901., COMMODITY SPECIFICATIONS, provides that “Each futures contract shall be valued at \$250.00 times the reference S&P/Case-Shiller Metro Area Home Price Index. The Exchange shall list futures based on SPCSI representing housing values in each of the following metropolitan areas: Boston, Chicago, Denver, Las Vegas, Los Angeles, Miami, New York, San Diego, San Francisco, and Washington D.C. For example, the Boston metro area is referenced by the S&P/Case-Shiller Boston Home Price Index.” As per Rule 42001., COMMODITY SPECIFICATIONS, the composite is referenced by the S&P/Case-Shiller Composite Home Price Index.

Note that the subject SPCSI currently span in values from perhaps 130 index points up to 250 index points. Thus, if a particular index were to be valued at 200.00 index points, the nominal or notional value of one CME Housing futures contract would equate to \$50,000.

Rule 419A01.B., Trading Unit, which identifies the contract size for a CME Housing option contract, specifies that “[t]he trading unit shall be an option to buy, in the case of a call, or to sell, in the case of a put, one CME Metro Area Housing Index futures contract.”

Quotation Specification – Rule 41902.C., Price Increments, specifies that “[b]ids and offers shall be quoted in terms of the reference SPCSI. The minimum fluctuation of the futures contract shall be 0.20 index points, equivalent to \$50.00 per contract.” Further, Rule 419A01.C., Price Increments, specifies that “[t]he price of an option shall be quoted in index points. The minimum fluctuation shall be 0.10 index points, equivalent to \$25.00 per contract.” These tick sizes generally align with practices in other index-based futures contracts traded on CME and are intended to allow for the possibility of a very competitive marketplace.

Trading Schedule – Rule 41902.A., Trading Schedule, provides that “[f]utures contracts shall be scheduled for trading during such hours and for delivery in such months as may be determined by the Board of Directors.” Rule 419A01.A., Trading Schedule, echoes these provisions in the context of options on futures.

The Exchange intends to list futures and options on futures in the February quarterly cycle (February, May, August and November) going out four quarters or one-year in advance. The Exchange further intends to list these Housing futures exclusively on the CME Globex electronic trading system and options on futures exclusively on the Trading Floor in the GSCI pit. The futures contracts will be available for trading on Sundays through Thursdays from 5:00 p.m. to 2:00 p.m. (Chicago time) the following day. The options contracts will trade Monday through Friday, 8:00 am to 2:00 pm (Chicago time).

Position Limits – Rule 41902.D., Position Limits, provides that “[a] person shall not own or control more than 5,000 contracts net long or net short in any single CME Metro Area Housing Index futures contract in all contract months combined. For positions involving options on CME Metro Area Housing Index futures, this rule is superseded by the option speculative position limit rule.”

Rule 419A01.F., Position Limits, further specifies that ... “[n]o person shall own or control a combination of options and underlying futures contract that exceeds 5,000 futures-equivalent contracts net on the same side of the market in all contract months combined ... For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.”

Final Settlement Price – Final Settlement of futures contract shall be accomplished through a cash settlement process as specified in Rule 41903., SETTLEMENT PROCEDURES. Specifically, Rule 41903, Final Settlement Price, provides that “[t]he Final Settlement Price shall be the value of the reference S&P/Case-Shiller Metro Area Home Price Index as determined for the three-month period ending two calendar months prior to the contract month. For the purpose of rule 41903.A., the period for

which the index calculation is performed shall be referred to as the Data Period. For example, the Final Settlement Price for the August 2006 CME Metro Area Housing Index futures contract for Chicago metro will be the S&P/Case-Shiller Chicago Home Price Index as determined for the three-month Data Period of April 2006 through June 2006, scheduled for release in August 2006.” Options on futures shall be exercised into one (1) corresponding futures contract per Rule 419A01.D.

Though the SPCSI release dates for different contract months are known in advance, unforeseen delays are possible. Rule 41903.A., Final Settlement Price, provide that “[I]n the event that the reference SPCSI is not published on the scheduled release date, the Final Settlement Price determination shall be postponed until the publication of the reference SPCSI.”

Given that the composite is derived using the index values for the individual metro areas, Exchange rules provide for the fact that a delay in the publication of one of the metro area indexes will result in a corresponding delay in the publication, and hence determination of the Final Settlement Price of the S&P/Case-Shiller Composite Home Price Index too. Rule 42003.A., states that “[I]n the event that the reference S&P/Case-Shiller Composite Home Price Index is not published on the scheduled release date due to the fact that one of the S&P/Case-Shiller Metro Area Home Price Indices has not been published on the scheduled release date, the Final Settlement Price determination shall be postponed until the publication of the reference S&P/Case-Shiller Composite Home Price Index.”

The rules provide for contingencies wherein the natural catastrophes prevent the determination of the S&P/Case-Shiller Indices for any given 3-month period. As per Rule 41903.A., “In the event that the reference SPCSI cannot be determined for the relevant Data Period (the “Original Data Period”), for instance due to catastrophic events, the Final Settlement Price determination shall be postponed until the earliest possible time when the reference SPCSI can be determined. The Final Settlement Price shall be the first available subsequent SPCSI for the affected Metro Area, regardless of the underlying Data Period.

“For example, the Original Data Period for the December 2007 S&P/Case-Shiller San Francisco Home Price Index is the 3-month period October to December 2007. This is the reference SPCSI for the February 2008 CME San Francisco Housing Index Futures contract, and has not been determined due to catastrophic event. The first available subsequent SPCSI for the metro area is the March 2008 S&P/Case-Shiller San Francisco Home Price Index, which covers a 3-month Data Period January to March 2008. The Final Settlement Price for the February 2008 CME San Francisco Housing Index Futures contract shall be determined using the March 2008 SPCSI for this metro area, despite the fact that this SPCSI has a different Data Period than the Original Data Period.”

Similar rule language is provided in Rule 42003.A., Final Settlement Price for the composite housing index futures contract, with a crucial difference that in case of a substantial delay in the determination of one of the individual metro area indexes, any subsequent index value that is published could be for a different Data Period. “In the event that the reference S&P/Case-Shiller Composite Home Price Index is not published on the scheduled release date due to the fact that one of the S&P/Case-Shiller Metro Area Home Price Indices has not been published on the scheduled release date, the Final Settlement Price determination shall be postponed until the publication of the reference S&P/Case-Shiller Composite Home Price Index.

In the event that the SPCSI for one of the metro areas (the “Affected Metro Area”) cannot be determined for the relevant Data Period (the “Original Data Period”), for instance due to catastrophic events, the Final Settlement Price determination for the CME Composite Housing Index futures shall be postponed until the earliest possible time when the SPCSI for the Affected Metro Area can be determined. The Final Settlement Price for the CME Composite Housing Index futures shall be determined using the Composite Index determined using the first available subsequent SPCSI for the Affected Metro Area regardless of the underlying Data Period.

For example, the Original Data Period for the December 2007 S&P/Case-Shiller Composite Home Price Index is the 3-month period October to December 2007. This is the reference Composite Index for the

February 2008 CME Composite Housing Index Futures contract, and has not been determined due to a catastrophic event in San Francisco, the December 2007 S&P/Case-Shiller San Francisco Home Price Index has not been determined. The first available subsequent SPCSI for San Francisco is the March 2008 S&P/Case-Shiller San Francisco Home Price Index, which covers a 3-month Data Period January to March 2008. The Final Settlement Price for the February 2008 CME Composite Housing Index Futures contract shall be the value of the S&P/Case-Shiller Composite Home Price Index determined using the March 2008 SPCSI for San Francisco and the previously published December 2007 SPCSI for the other 9 metro areas, despite the fact that this SPCSI for San Francisco has a different Data Period than the Original Data Period."

Using the example above, this language shall allow us to combine the December 2007 SPCSI for the 9 metro areas with the March 2008 SPCSI for the San Francisco area to calculate, what would essentially be, a 'synthetic' index value for the December 2007 S&P/Case-Shiller Composite Home Price Index to be used as a Final Settlement Price for the February 2008 CME Composite Housing Index Futures contract. This synthetic index value shall be calculated by applying the individual metro area index weights to the respective SPCSI values.

So as to keep the index relevant, CSW could 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 for all listed contract months shall be determined by referencing the SPCSI calculated using the old base period. The Final Settlement Price for all subsequently listed contract months shall be determined by referencing the SPCSI calculated using the new base period."

Exercise Prices – Rule 419A01.E. Exercise Prices, provides that "exercise prices shall be stated in terms of the CME Metro Area Housing Index futures contract which is deliverable upon exercise of the option. At the commencement of option trading in a contract month, 10 eligible puts and call options at 5.00 index point intervals at a range of 50 index points above and 50 index points below the previous day's settlement price of the nearest the futures contract will be listed. Thereafter, 10 eligible puts and calls at 5.00 index point intervals at a range of 50 index points above and 50 index points below the previous day's settlement price of the underlying futures contract will be listed. Strikes at 1.00 index point intervals within the above range will be listed upon demand evidenced in the options pit."

Price Limits – The contract does not contemplate use of price limits. This parallels practices in many other futures contracts currently traded on the Exchange.

Block Trades - Block trades shall be authorized in the context of CME Housing futures and options with a minimum block transaction quantity of 20 contracts. Note that CME Housing futures and options are expected to commence trading with an initial value in the general vicinity of \$50,000 per contract. Thus, 20 contracts represent a value of perhaps \$1 million.

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 Sunday, May 21, 2006, CME Housing futures will begin trading at 5:00 p.m. central time (for trade date of May 22, 2006). Housing options will start trading at 8:00 a.m. central time on Monday, May 22, 2006.

CME Housing futures: Traded on CME Globex Sundays-Thursdays, 5:00 pm-2:00 pm (central time) the next day.

CME Housing options on futures: Traded via open outcry in the CME GSCI pit Monday-Friday, 8:00 am-2:00 pm (central time)

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

CME is listing Housing futures contract months for cash settlement beginning with the August 2006 contract. The futures listing schedule includes four (4) consecutive February quarterly months (February, May, August, November).

The last trading day for all contracts will be 12:00 noon (Chicago Time) on the day of final settlement price determination. The scheduled release date for the reference SPSCIs is the last Tuesday of the contract month.

Initial futures contract months

Outrights	CME Globex	Expiration
Quarter 1	August 2006	August 29, 2006
Quarter 2	November 2006	November 28, 2006
Quarter 3	February 2007	February 27, 2007
Quarter 4	May 2007	May 29, 2007

Ticker Symbols:

Futures and Options:

Composite Index	CUS
Boston	BOS
Chicago	CHI
Denver	DEN
Las Vegas	LAV
Los Angeles	LAX
Miami	MIA
New York	NYM
San Diego	SDG
San Francisco	SFR
Washington D.C.	WDC

Inter-commodity Spreads

Alphabetical sort

[illegible]

Calendar Spreads

CUSQ6 - CUSX6			MIAQ6 - MIAX6		
CUSQ6 - CUSG7	CUSX6 - CUSG7		MIAQ6 - MIAG7	MIAX6 - MIAG7	
CUSQ6 - CUSK7	CUSX6 - CUSK7	CUSG7 - CUSK7	MIAQ6 - MIAK7	MIAX6 - MIAK7	MIAG7 - MIAK7
BOSQ6 - BOSX6			NYMQ6 - NYMX6		
BOSQ6 - BOSG7	BOSX6 - BOSG7		NYMQ6 - NYMG7	NYMX6 - NYMG7	
BOSQ6 - BOSK7	BOSX6 - BOSK7	BOSG7 - BOSK7	NYMQ6 - NYMK7	NYMX6 - NYMK7	NYMG7 - NYMK7
CHIQ6 - CHIX6			SDGQ6 - SDGX6		
CHIQ6 - CHIG7	CHIX6 - CHIG7		SDGQ6 - SDGG7	SDGX6 - SDGG7	
CHIQ6 - CHIK7	CHIX6 - CHIK7	CHIG7 - CHIK7	SDGQ6 - SDGK7	SDGX6 - SDGK7	SDGG7 - SDGK7
DENQ6 - DENX6			SFRQ6 - SFRX6		
DENQ6 - DENG7	DENX6 - DENG7		SFRQ6 - SFRG7	SFRX6 - SFRG7	
DENQ6 - DENK7	DENX6 - DENK7	DENG7 - DENK7	SFRQ6 - SFRK7	SFRX6 - SFRK7	SFRG7 - SFRK7
LAVQ6 - LAVX6			WDCQ6 - WDCX6		
LAVQ6 - LAVG7	LAVX6 - LAVG7		WDCQ6 - WDCG7	WDCX6 - WDCG7	
LAVQ6 - LAVK7	LAVX6 - LAVK7	LAVG7 - LAVK7	WDCQ6 - WDCK7	WDCX6 - WDCK7	WDCG7 - WDCK7
LAXQ6 - LAXX6					
LAXQ6 - LAXG7	LAXX6 - LAXG7				
LAXQ6 - LAXK7	LAXX6 - LAXK7	LAXG7 - LAXK7			

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. REPORTABLE POSITION LEVELS AND UNDERLYING CASH INSTRUMENT FOR A HOUSING 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, Housing futures will not be eligible for EFP.

If you have any questions, please call Mr. Joel Koranteng, Market Surveillance Analyst, at (312) 466-4372.

7. BLOCK TRADING

Block trading is allowed in the Housing futures and options contracts with a minimum threshold set at 20 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/files/blocktrad.pdf>).

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

8. SELECTED QUOTE VENDOR SYMBOLS

	Composite	Boston	Chicago	Denver	Las Vegas	Los Angeles	Miami	New York	San Diego	San Francisco	Washington DC
Vendor Name	CUS	BOS	CHI	DEN	LAV	LAX	MIA	NYM	SDG	SFR	WDC
Bloomberg	CGA <index>	COA <index>	CVA <index>	CXA <index>	CYA <index>	DLA <index>	DQA <index>	DXA <index>	DZA <index>	EFA <index>	EJA<index>
CQG Inc.	CCUS	CBOS	CCHI	CDEN	CLAV	CLAX	CMIA	CNYM	CSDG	CSFR	CWDC
Data Transmission Network	@CUS	@BOS	@CHI	@DEN	@LAV	@LAX	@MIA	@NYM	@SDG	@SFR	@WDC
E-Signal	CUS my	BOS my	CHI my	DEN my	LAV my	LAX my	MIA my	NYM my	SDG my	SFR my	WDC my
Futuresource	CUS	BOS	CHI	DEN	LAV`	LXA	MIA	NYM	SDG	SFR	WDC
Hyperfeed/PC Quote	CN	OS	CH	DF	LI	FA	MI	NU	MW	SK	WL
Thomson	CUS	BOS	CHI	DEN	LAV	LAX	MIA	NYM	SDG	SFR	WDC
Reuters	CUS	BOS	CHI	DEN	LAS	LAX`	MIA	NYM	SDG	SFR	WDC
Bridge	@CUS	@BOS	@CHI	@DEN	@LAV	@LAX	@MIA	@NYM	@SDG	@SFR	@WDC
Track Data	CUS`	BOS`	CHI`	DEN`	LAV`	LAX`	MIA`	NYM`	SDG`	SFR`	WDC`
TradeStation	CUS / CUS.P	BOS / BOS.P	CHI / CHI.P	DEN / DEN.P	LAV / LAV.P	LAX / LAX.P	MIA / MIA.P	NYM / NYM.P	SDG / SDG.P	SFR / SFR.P	WDC / WDC.P

If you have any questions, please contact Ms. Laura Sutor, Coordinator, Client Management, at (312) 648-5480.

9. CME GLOBEX ERROR TRADE POLICY

The standard CME Globex error trade policy for other index futures products will apply to the Housing futures contracts. This includes a no bust range of "2.00 index points or less".

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 and LIBOR through S&P 500 Technology SPCTR and S&P 500 Financial SPCTR entries	Unchanged]
Housing Futures	<u>2.00 index points or less</u>
[TRAKRS Futures through remainder of rule	Unchanged]
Intra-Commodity E-Livestock Futures Spreads (Lean Hogs, Live Cattle, Feeder Cattle, Pork Bellies, Milk) and Housing Futures	Same as the no bust range of the individual legs
[Inter-Commodity (non-ED) Futures Spreads 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 Housing futures contracts, but price banding is in effect. The price band for Housing futures will be set at four index points (4.00), or twenty (20) ticks (minimum tick size is 0.20), or two (2) times the no bust range of two (2.00) index points.

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

11. LEAD MARKET MAKER PROGRAM

The Exchange has designated Bear Hunter Structured Products LLC. to act as a lead market maker (LMM) for CME Housing futures. The LMM program will be as per CME Rule 580 – GLOBEX Trade Algorithms and CME Rule 581 – GLOBEX Lead Market Maker Program. As long as the LMM satisfies its obligations under the LMM agreement with CME, it will be entitled to a waiver of GLOBEX system fees during the term for which the designated LMM continues to act as such. Further, the LMM will receive guaranteed allocation using the LMM matching algorithm without the “TOP” order functionality as per the Interpretation of Rule 580 – GLOBEX Trade Algorithms.

Additions are underlined in the following INTERPRETATION OF RULE 580 - GLOBEX TRADE ALGORITHMS, and deletions bracketed and overstruck.

INTERPRETATION OF RULE 580 - GLOBEX TRADE ALGORITHMS

Pro Rata Allocation Algorithm
(No change)

Implied Order Algorithm
(No change)

Eurodollar Futures and One-Month LIBOR Futures Contracts
(No change)

Agricultural Futures Contracts
(No change)

Lead Market Maker (LMM) Allocation Algorithms

The Exchange may designate, per the provisions of Rule 581, GLOBEX Lead Market Maker Program, multiple Lead Market Makers (LMMs) in specified futures and option markets traded on the GLOBEX Electronic Trading System. The Exchange has determined to use either LMM Allocation Algorithm (Option A) or LMM Allocation Algorithm (Option B) as described below to match orders in such specified markets. Two-, Five- and Ten-Year Swap Rate futures shall be subject to LMM Allocation Algorithm (Option A). Weather futures, agricultural futures, futures on Standard and Poor's Depository Receipts (“SPDR”), NASDAQ-100 Tracking Stock (“QQQQ”), Russell 2000 iShares (“IWM”), E-mini Russell 1000 Index futures, ~~and~~ CPI futures, and Housing futures shall be subject to LMM Allocation Algorithm (Option B). All other futures and options contracts, unless specifically referenced in this Interpretation, will continue to use the normal matching algorithm based on price and time priority.

(The remainder of the interpretation is unchanged.)

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

12. PERFORMANCE BOND REQUIREMENTS

CME Housing Futures Outright Rates

Boston Housing Index (BOS)

Rate Type	New Initial	New Maintenance	Volatility Scan Range	Short Option Minimum
Spec	\$1,688	\$1,250	1%	1.5%
Hedge/Member	\$1,250	\$1,250		

Chicago Housing Index (CHI)

Rate Type	New Initial	New Maintenance	Volatility Scan Range	Short Option Minimum
Spec	\$1,013	\$750	1%	1.5%
Hedge/Member	\$750	\$750		

Composite Index (CUS)

Rate Type	New Initial	New Maintenance	Volatility Scan Range	Short Option Minimum
Spec	\$1,350	\$1,000	1%	1.5%
Hedge/Member	\$1,000	\$1,000		

Denver Housing Index (DEN)

Rate Type	New Initial	New Maintenance	Volatility Scan Range	Short Option Minimum
Spec	\$1,013	\$750	1%	1.5%
Hedge/Member	\$750	\$750		

Las Vegas Housing Index (LAV)

Rate Type	New Initial	New Maintenance	Volatility Scan Range	Short Option Minimum
Spec	\$2,025	\$1,500	1%	1.5%
Hedge/Member	\$1,500	\$1,500		

Los Angeles Housing Index (LAX)

Rate Type	New Initial	New Maintenance	Volatility Scan Range	Short Option Minimum
Spec	\$2,025	\$1,500	1%	1.5%
Hedge/Member	\$1,500	\$1,500		

Miami Housing Index (MIA)

Rate Type	New Initial	New Maintenance	Volatility Scan Range	Short Option Minimum
Spec	\$2,025	\$1,500	1%	1.5%
Hedge/Member	\$1,500	\$1,500		

NY Commuter Housing Index (NYM)

Rate Type	New Initial	New Maintenance	Volatility Scan Range	Short Option Minimum
Spec	\$1,688	\$1,250	1%	1.5%
Hedge/Member	\$1,250	\$1,250		

San Diego Housing Index (SDG)

Rate Type	New Initial	New Maintenance	Volatility Scan Range	Short Option Minimum
Spec	\$2,025	\$1,500	1%	1.5%
Hedge/Member	\$1,500	\$1,500		

San Francisco Housing Index (SFR)

Rate Type	New Initial	New Maintenance	Volatility Scan Range	Short Option Minimum
Spec	\$2,025	\$1,500	1%	1.5%
Hedge/Member	\$1,500	\$1,500		

Washington DC Housing Index (WDC)

Rate Type	New Initial	New Maintenance	Volatility Scan Range	Short Option Minimum
Spec	\$2,025	\$1,500	1%	1.5%
Hedge/Member	\$1,500	\$1,500		

CME Housing Futures Intra-Commodity Spread Rates

Housing Futures Index – All Contracts

Rate Type	Initial	Maintenance
Spec	\$675	\$500
Hedge/Member	\$500	\$500

CME Housing Futures Inter-Commodity Spread Rates

Boston Housing Index (BOS) vs.
Chicago Housing Index (CHI) (1:1)

Rate Type	New
Spread Credit Rate	60.00%

Boston Housing Index (BOS) vs.
Composite Index (CUS) (1:1)

Rate Type	New
Spread Credit Rate	70.00%

Boston Housing Index (BOS) vs.
Denver Housing Index (DEN) (1:1)

Rate Type	New
Spread Credit Rate	50.00%

Boston Housing Index (BOS) vs.
Las Vegas Housing Index (LAV) (1:1)

Rate Type	New
Spread Credit Rate	30.00%

Boston Housing Index (BOS) vs.
Los Angeles Housing Index (LAX) (1:1)

Rate Type	New
Spread Credit Rate	50.00%

Boston Housing Index (BOS) vs.
Miami Housing Index (MIA) (1:1)

Rate Type	New
Spread Credit Rate	40.00%

Boston Housing Index (BOS) vs.
NY Commuter Housing Index (NYM) (1:1)

Rate Type	New
Spread Credit Rate	70.00%

Boston Housing Index (BOS) vs.
San Diego Housing Index (SDG) (1:1)

Rate Type	New
Spread Credit Rate	60.00%

Boston Housing Index (BOS) vs.
San Francisco Housing Index (SFR) (1:1)

Rate Type	New
Spread Credit Rate	50.00%

Boston Housing Index (BOS) vs.
Washington DC Housing Index (WDC) (1:1)

Rate Type	New
Spread Credit Rate	60.00%

Chicago Housing Index (CHI) vs.
Composite Index (CUS) (1:1)

Rate Type	New
Spread Credit Rate	80.00%

Chicago Housing Index (CHI) vs.
Denver Housing Index (DEN) (1:1)

Rate Type	New
Spread Credit Rate	40.00%

Chicago Housing Index (CHI) vs.
Las Vegas Housing Index (LAV) (1:1)

Rate Type	New
Spread Credit Rate	40.00%

Chicago Housing Index (CHI) vs.
Los Angeles Housing Index (LAX) (1:1)

Rate Type	New
Spread Credit Rate	70.00%

Chicago Housing Index (CHI) vs.
Miami Housing Index (MIA) (1:1)

Rate Type	New
Spread Credit Rate	60.00%

Chicago Housing Index (CHI) vs.
NY Commuter Housing Index (NYM) (1:1)

Rate Type	New
Spread Credit Rate	60.00%

Chicago Housing Index (CHI) vs.
San Diego Housing Index (SDG) (1:1)

Rate Type	New
Spread Credit Rate	60.00%

Chicago Housing Index (CHI) vs.
San Francisco Housing Index (SFR) (1:1)

Rate Type	New
Spread Credit Rate	50.00%

Chicago Housing Index (CHI) vs.
Washington DC Housing Index (WDC) (1:1)

Rate Type	New
Spread Credit Rate	70.00%

Composite Index (CUS) vs.
Denver Housing Index (DEN) (1:1)

Rate Type	New
Spread Credit Rate	30.00%

Composite Index (CUS) vs.
Las Vegas Housing Index (LAV) (1:1)

Rate Type	New
Spread Credit Rate	70.00%

Composite Index (CUS) vs.
Los Angeles Housing Index (LAX) (1:1)

Rate Type	New
Spread Credit Rate	90.00%

Composite Index (CUS) vs.
Miami Housing Index (MIA) (1:1)

Rate Type	New
Spread Credit Rate	80.00%

Composite Index (CUS) vs.
NY Commuter Housing Index (NYM) (1:1)

Rate Type	New
Spread Credit Rate	80.00%

Composite Index (CUS) vs.
San Diego Housing Index (SDG) (1:1)

Rate Type	New
Spread Credit Rate	90.00%

Composite Index (CUS) vs.
San Francisco Housing Index (SFR) (1:1)

Rate Type	New
Spread Credit Rate	60.00%

Composite Index (CUS) vs.
Washington DC Housing Index (WDC) (1:1)

Rate Type	New
Spread Credit Rate	90.00%

Denver Housing Index (DEN) vs.
Las Vegas Housing Index (LAV) (1:1)

Rate Type	New
Spread Credit Rate	10.00%

Denver Housing Index (DEN) vs.
Los Angeles Housing Index (LAX) (1:1)

Rate Type	New
Spread Credit Rate	20.00%

Denver Housing Index (DEN) vs.
Miami Housing Index (MIA) (1:1)

Rate Type	New
Spread Credit Rate	20.00%

Denver Housing Index (DEN) vs.
NY Commuter Housing Index (NYM) (1:1)

Rate Type	New
Spread Credit Rate	20.00%

Denver Housing Index (DEN) vs.
San Diego Housing Index (SDG) (1:1)

Rate Type	New
Spread Credit Rate	30.00%

Denver Housing Index (DEN) vs.
San Francisco Housing Index (SFR) (1:1)

Rate Type	New
Spread Credit Rate	40.00%

Denver Housing Index (DEN) vs.
Washington DC Housing Index (WDC) (1:1)

Rate Type	New
Spread Credit Rate	20.00%

Las Vegas Housing Index (LAV) vs.
Los Angeles Housing Index (LAX) (1:1)

Rate Type	New
Spread Credit Rate	70.00%

Las Vegas Housing Index (LAV) vs.
Miami Housing Index (MIA) (1:1)

Rate Type	New
Spread Credit Rate	60.00%

Las Vegas Housing Index (LAV) vs.
NY Commuter Housing Index (NYM) (1:1)

Rate Type	New
Spread Credit Rate	40.00%

Las Vegas Housing Index (LAV) vs.
San Diego Housing Index (SDG) (1:1)

Rate Type	New
Spread Credit Rate	80.00%

Las Vegas Housing Index (LAV) vs.
San Francisco Housing Index (SFR) (1:1)

Rate Type	New
Spread Credit Rate	30.00%

Las Vegas Housing Index (LAV) vs.
Washington DC Housing Index (WDC) (1:1)

Rate Type	New
Spread Credit Rate	60.00%

Los Angeles Housing Index (LAX) vs.
Miami Housing Index (MIA) (1:1)

Rate Type	New
Spread Credit Rate	80.00%

Los Angeles Housing Index (LAX) vs.
NY Commuter Housing Index (NYM) (1:1)

Rate Type	New
Spread Credit Rate	70.00%

Los Angeles Housing Index (LAX) vs.
San Diego Housing Index (SDG) (1:1)

Rate Type	New
Spread Credit Rate	80.00%

Los Angeles Housing Index (LAX) vs.
San Francisco Housing Index (SFR) (1:1)

Rate Type	New
Spread Credit Rate	60.00%

Los Angeles Housing Index (LAX) vs.
Washington DC Housing Index (WDC) (1:1)

Rate Type	New
Spread Credit Rate	90.00%

Miami Housing Index (MIA) vs.
NY Commuter Housing Index (NYM) (1:1)

Rate Type	New
Spread Credit Rate	60.00%

Miami Housing Index (MIA) vs.
San Diego Housing Index (SDG) (1:1)

Rate Type	New
Spread Credit Rate	60.00%

Miami Housing Index (MIA) vs.
San Francisco Housing Index (SFR) (1:1)

Rate Type	New
Spread Credit Rate	40.00%

Miami Housing Index (MIA) vs.
Washington DC Housing Index (WDC) (1:1)

Rate Type	New
Spread Credit Rate	80.00%

NY Commuter Housing Index (NYM) vs.
San Diego Housing Index (SDG) (1:1)

Rate Type	New
Spread Credit Rate	60.00%

NY Commuter Housing Index (NYM) vs.
San Francisco Housing Index (SFR) (1:1)

Rate Type	New
Spread Credit Rate	40.00%

NY Commuter Housing Index (NYM) vs.
Washington DC Housing Index (WDC) (1:1)

Rate Type	New
Spread Credit Rate	70.00%

San Diego Housing Index (SDG) vs.
San Francisco Housing Index (SFR) (1:1)

Rate Type	New
Spread Credit Rate	60.00%

San Diego Housing Index (SDG) vs.
Washington DC Housing Index (WDC) (1:1)

Rate Type	New
Spread Credit Rate	80.00%

San Francisco Housing Index (SFR) vs.
Washington DC Housing Index (WDC) (1:1)

Rate Type	New
Spread Credit Rate	50.00%

If you have any questions, please contact the Risk Control Department at (312) 648-3888.

13. **PROMOTIONAL FEE WAIVER**

The Housing futures and options contracts will be eligible for a six-month exchange fee waiver program. All CME Globex and clearing fees, as well as the block trade surcharge will be waived during the tenor of the program. The six-month period begins on the trade date of Monday, May 22, 2006 and ends on the trade date of Thursday, November 30, 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	CME GLOBEX Fees
Equity Members/Clearing Members/106.I Members/106.S Members	\$0.095	\$0.25
Rule 106.D Lessees / Rule 106.F Employees	\$0.21	\$0.25
Rule 106.R Electronic Corporate Member	\$0.34	\$0.10
Rule 106.H and 106.N Firms	\$0.29	\$0.25
Asian Incentive Program Participants	\$0.29	\$0.25
European Incentive Program Participants	\$0.34	\$0.10
eFX Bank Incentive Program Participants	\$0.39	\$0.75
CBOE Members (reduced for S&P Index & E-mini S&P only)	\$0.39	\$0.75
Customers of Member Firms	\$0.39	\$0.75
	Housing	
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.

14. SUMMARY OF FUTURES AND OPTIONS CONTRACT SPECIFICATIONS

CME Housing Futures & Options Contract Specification Summary

	Futures	Options on Futures
Metro Areas and Ticker Symbol	Boston BOS Chicago CHI Denver DEN	Composite CUS Las Vegas LAV Los Angeles LAX Miami MIA Washington DC WDC New York NYM San Diego SDG San Francisco SFR
Contract Size	\$250 x Index, e.g., S&P/Case-Shiller® Los Angeles Home Price Index @ 267.74 in February 2006, contract value = \$66,936	One Futures contract
Tick Size	0.20 index points (\$50.00)	0.10 index points (\$25.00)
Trading Hours	Offered on CME Globex® Sundays-Thursdays, 5:00 pm-2:00 pm (central time) the next day	Traded via open outcry in the CME GSCI pit Monday–Friday, 8:00 am–2:00 pm (central time)
Contract Months	First 4 contracts in the February Quarterly Cycle of February, May, August and November	
Cash Index Release Schedule	1:15 CT (2:15 ET) on the last Tuesday of every calendar month. For example, the March 2006 index values will be released on May 30, 2006. These index values will reflect transactions closed during a 3-month period January 2006 to March 2006.	
Last Trading Day	Trading in expiring contract ceases at 12:00 noon CT (1:00 ET) on the index release day.	
Composite Index Weights	Boston 7.4122% Las Vegas 1.4802% New York 27.2390% Chicago 8.8868% Los Angeles 21.1620% San Diego 5.5134% Denver 3.6825% Miami 4.9862% San Francisco 11.7879% Washington DC 7.8500%	
Cash Settlement	Cash settled on the day the S&P/Case-Shiller Home Price Indices are released. For e.g., the May 2006 LAX contract will settle to the March 2006 S&P/Case-Shiller Los Angeles Home Price Index scheduled for release on May 30, 2006.	European-style, exercised into associated futures contract
Strike Prices	NA	5.00 index point intervals above and below previous day's close in underlying futures ³
Spreads	Calendar Spreads for all 10 regions and the composite, and Regional Spreads for all possible pairs of metros/composite for each contract month	NA
Position Limits	5000 contracts	

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

³ Strikes at 1.00 index point intervals will be listed on demand

15. FUTURES AND OPTIONS CONTRACT RULES

CHAPTER 419: CME® METRO AREA HOUSING INDEX FUTURES

41900. SCOPE OF CHAPTER

This chapter is limited in application to trading in put and call options on CME Metro Area Housing Index futures contracts ("options on CME® Metro Area Housing Index futures"). The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

41901. COMMODITY SPECIFICATIONS

Each futures contract shall be valued at \$250.00 times the reference S&P/Case-Shiller Metro Area Home Price Index. The Exchange shall list futures based on SPCSI's representing housing values in each of the following metropolitan areas: Boston, Chicago, Denver, Las Vegas, Los Angeles, Miami, New York, San Diego, San Francisco, and Washington D.C. For example, the Boston metro area is referenced by the S&P/Case-Shiller Boston Home Price Index.

41902. FUTURES CALL

41902.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.

41902.B. Trading Unit

The unit of trading shall be \$250.00 times the reference SPCSI.

41902.C. Price Increments

Bids and offers shall be quoted in terms of the reference SPCSI's. The minimum fluctuation of the futures contract shall be 0.20 index points, equivalent to \$50.00 per contract.

41902.D. Position Limits

A person shall not own or control more than 5,000 contracts net long or net short in any single CME Metro Area Housing Index futures contract in all contract months combined. For positions involving options on CME Metro Area Housing Index futures, this rule is superseded by the option speculative position limit rule.

41902.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.

41902.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, (2) other positions exempted pursuant to Rule 543, and (3) cash-substitute positions described in Rule 41906.

41902.G. Termination of Trading

Futures trading shall terminate at 12:00 noon Central Time (1:00 pm Eastern Time) on the day of final settlement price determination.

41902.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.

41902.I. [Reserved]

41903. SETTLEMENT PROCEDURES

Delivery under the CME Metro Area Housing Index Futures contract shall be by cash settlement.

41903.A. Final Settlement Price

The Final Settlement Price shall be the value of the reference S&P/Case-Shiller Metro Area Home Price Index as determined for the three-month period ending two calendar months prior to the contract month. For the purpose of rule 41903.A., the period for which the index calculation is performed shall be referred to as the Data Period. For example, the Final Settlement Price for the August 2006 CME Metro Area Housing Index futures contract for Chicago metro will be the S&P/Case-Shiller Chicago Home Price Index as determined for the three-month Data Period of April 2006 through June 2006, scheduled for release in August 2006.

The scheduled release date for the reference SPCSI is the last Tuesday of the contract month. If the last Tuesday of the contract month is not a business day, then the final settlement price will be determined on the business day immediately after the last Tuesday of the contract month.

In the event that the reference SPCSI is not published on the scheduled release date, the Final Settlement Price determination shall be postponed until the publication of the reference SPCSI.

In the event that the reference SPCSI cannot be determined for the relevant Data Period (the "Original Data Period"), for instance due to catastrophic events, the Final Settlement Price determination shall be postponed until the earliest possible time when the reference SPCSI can be determined. The Final Settlement Price shall be the first available subsequent SPCSI for the affected Metro Area, regardless of the underlying Data Period.

For example, the Original Data Period for the December 2007 S&P/Case-Shiller San Francisco Home Price Index is the 3-month period October to December 2007. This is the reference SPCSI for the February 2008 CME San Francisco Housing Futures Index contract, and has not been determined due to catastrophic event. The first available subsequent SPCSI for the metro area is the March 2008 S&P/Case-Shiller San Francisco Home Price Index, which covers a 3-month Data Period January to March 2008. The Final Settlement Price for the February 2008 CME San Francisco Housing Index Futures contract shall be determined using the March 2008 SPCSI for this metro area, despite the fact that this SPCSI has a different Data Period than the Original Data Period.

In the event of a change to the base period, the Final Settlement Price for all listed contract months shall be determined by referencing the SPCSI calculated using the old base period. The Final Settlement Price for all subsequently listed contract months shall be determined by referencing the SPCSI calculated using the new base period.

41903.B. Final Settlement

Clearing members holding open positions in a CME Metro Area Housing 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.

41904. 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.

41905. FAILURE TO PERFORM

If a clearing member fails to perform all acts required by this chapter, then that clearing member shall be deemed as failing to perform, which may be punishable as a major violation. The Board shall determine and assess losses sustained, taking into account the settlement price, interest earnings foregone, and such other factors as it deems appropriate. The Board may also assess such penalties as it deems appropriate in addition to damages.

(End Chapter 419)

CHAPTER 419A: OPTIONS ON CME® METRO AREA HOUSING INDEX FUTURES

419A00. SCOPE OF CHAPTER

This chapter is limited in application to trading in put and call options on CME Metro Area Housing Index futures contracts ("options on CME® Metro Area Housing Index futures"). The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

419A01. OPTION CHARACTERISTICS

419A01.A. Trading Schedule

Options contracts shall be listed for such contract months and scheduled for trading during such hours, except as indicated below, as may be determined by the Board of Directors.

419A01.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 CME Metro Area Housing Index futures contract as specified in Chapter 419.

419A01.C. Price Increments

The price of an option shall be quoted in index points. The minimum fluctuation shall be 0.10 index points, equivalent to \$25.00 per contract.

419A01.D. Underlying Futures Contract

The underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in August 2006 is the August 2006 futures contract.

419A01.E. Exercise Prices

The exercise prices shall be stated in terms of the respective CME Metro Area Housing Index futures contract which is deliverable upon exercise of the option.

At the commencement of option trading in a contract month, 10 eligible puts and call options at 5.00 index point intervals at a range of 50 index points above and 50 index points below the previous day's settlement price of the nearest the futures contract will be listed. Thereafter, 10 eligible puts and calls at 5.00 index point intervals at a range of 50 index points above and 50 index points below the previous day's settlement price of the underlying futures contract will be listed. Strikes at 1.00 index point intervals within the above range will be listed upon demand evidenced in the options pit.

New options may be listed for trading up to and including the termination of trading. The Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

419A01.F. Position Limits

No person shall own or control a combination of options and underlying futures contract that exceeds 5,000 futures-equivalent contracts net on the same side of the market in all contract months combined.

For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.

419A01.G. 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.

419A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 543 and shall not apply to other option positions exempted pursuant to Rule 543.

419A01.I. Termination of Trading

Options trading shall terminate at the same date and time as the underlying futures contract.

419A01.J. Contract Modification

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these rules, such order, ruling directive, or law shall be construed to become part of these rules and all open new options contracts shall be subject to such governmental orders.

419A02. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of options on CME Metro Area Housing futures.

419A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer on any business day that the option is traded. Exercise of an option is accomplished by the clearing member representing the buyer presenting an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the business day following the termination of trading by the clearing member representing the option buyer, be exercised automatically.

In-the-money options that expire in months other than those in the February quarterly cycle (February, May, August and November) and have not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of the expiration by the clearing member representing the option buyer, be exercised automatically.

Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

419A02.B. Assignment

Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following business day.

The clearing member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call was exercised or a long position if a put was exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call was exercised and a short position if a put was exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the trading day of acceptance by the Clearing House of the exercise notice.

419A03. EMERGENCIES, ACTS OF GOD, ACTS OF GOVERNMENT

If exercise or assignment or any precondition or requirement of either is prevented by a strike, fire, accident, act 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.

(End Chapter 419A)

CHAPTER 420: CME® COMPOSITE HOUSING INDEX FUTURES

42000. SCOPE OF CHAPTER

This chapter is limited in application to futures trading in S&P/Case-Shiller® Composite Home Price Index ("Composite Index") based on residential housing values (CME® Composite Housing Index futures). The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

42001. COMMODITY SPECIFICATIONS

Each futures contract shall be valued at \$250.00 times the reference S&P/Case-Shiller Composite Home Price Index. The Exchange shall list futures based on the Composite Index that represents a weighted-average of 10 metro area indices: the S&P/Case-Shiller Metro Area Home Price Indices ("SPCSIs") that represent housing values in Boston, Chicago, Denver, Las Vegas, Los Angeles, Miami, New York, San Diego, San Francisco, and Washington D.C.

42002. FUTURES CALL

42002.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.

42002.B. Trading Unit

The unit of trading shall be \$250.00 times the reference Composite Index.

42002.C. Price Increments

Bids and offers shall be quoted in terms of the reference Composite Index. The minimum fluctuation of the futures contract shall be 0.20 index points, equivalent to \$50.00 per contract.

42002.D. Position Limits

A person shall not own or control more than 5,000 contracts net long or net short in any single CME Composite Housing futures contract in all contract months combined. For positions involving options on CME Composite Housing futures, this rule is superseded by the option speculative position limit rule.

42002.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.

42002.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, (2) other positions exempted pursuant to Rule 543, and (3) cash-substitute positions described in Rule 42006.

42002.G. Termination of Trading

Futures trading shall terminate at 12:00 noon Central Time (1:00 pm Eastern Time) on the day of final settlement price determination.

42002.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.

42002.I. Reserved

42003. SETTLEMENT PROCEDURES

Delivery under the CME Composite Housing Index Futures contract shall be by cash settlement.

42003.A. Final Settlement Price

The Final Settlement Price shall be the value of the reference S&P/Case-Shiller Composite Home Price Index as determined for the three-month period ending two calendar months prior to the contract month. For the purpose of rule 42003.A., the period for which the index calculation is performed shall be referred to as the Data Period. For example, the Final Settlement Price for the August 2006 CME Composite Housing Index futures contract will be the S&P/Case-Shiller Composite Home Price Index as determined for the three-month Data Period of April 2006 through June 2006, scheduled for release in August 2006.

The scheduled release date for the reference Composite Index is the last Tuesday of the contract month. If the last Tuesday of the contract month is not a business day, then the final settlement price will be determined on the business day immediately after the last Tuesday of the contract month.

In the event that the reference S&P/Case-Shiller Composite Home Price Index is not published on the scheduled release date due to the fact that one of the S&P/Case-Shiller Metro Area Home Price Indices has not been published on the scheduled release date, the Final Settlement Price determination shall be postponed until the publication of the reference S&P/Case-Shiller Composite Home Price Index.

In the event that the SPCSI for one of the metro areas (the "Affected Metro Area") cannot be determined for the relevant Data Period (the "Original Data Period"), for instance due to catastrophic events, the Final Settlement Price determination for the CME Composite Housing Index futures shall be postponed until the earliest possible time when the SPCSI for the Affected Metro Area can be determined. The Final Settlement Price for the CME Composite Housing Index futures shall be determined using the Composite Index determined using the first available subsequent SPCSI for the Affected Metro Area regardless of the underlying Data Period.

For example, the Original Data Period for the December 2007 S&P/Case-Shiller Composite Home Price Index is the 3-month period October to December 2007. This is the reference Composite Index for the February 2008 CME Composite Housing Index Futures contract, and has not been determined due to a catastrophic event in San Francisco, the December 2007 S&P/Case-Shiller San Francisco Home Price Index has not been determined. The first available subsequent SPCSI for San Francisco is the March 2008 S&P/Case-Shiller San Francisco Home Price Index, which covers a 3-month Data Period January to March 2008. The Final Settlement Price for the February 2008 CME Composite Housing Index Futures contract shall be the value of the S&P/Case-Shiller Composite Home Price Index determined using the March 2008 SPCSI for San Francisco and the previously published December 2007 SPCSI for the other 9 metro areas, despite the fact that this SPCSI for San Francisco has a different Data Period than the Original Data Period.

In the event of a change to the base period, the Final Settlement Price for all listed contract months shall be determined by referencing the Composite Index calculated using the old base period. The Final Settlement Price for all subsequently listed contract months shall be determined by referencing the Composite Index calculated using the new base period.

42003.B. Final Settlement

Clearing members holding open positions in a CME Composite Housing 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.

42004. 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.

42005. FAILURE TO PERFORM

If a clearing member fails to perform all acts required by this chapter, then that clearing member shall be deemed as failing to perform, which may be punishable as a major violation. The Board shall determine and assess losses sustained, taking into account the settlement price, interest earnings foregone, and such other factors as it deems appropriate. The Board may also assess such penalties as it deems appropriate in addition to damages.

(End Chapter 420)

CHAPTER 420A: OPTIONS ON CME® COMPOSITE HOUSING INDEX FUTURES

420A00. SCOPE OF CHAPTER

This chapter is limited in application to trading in put and call options on CME Composite Housing Index futures contracts ("options on CME® Composite Housing Index futures"). The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

420A01. OPTION CHARACTERISTICS

420A01.A. Trading Schedule

Options contracts shall be listed for such contract months and scheduled for trading during such hours, except as indicated below, as may be determined by the Board of Directors.

420A01.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 CME Composite Housing Index futures contract as specified in Chapter 420.

420A01.C. Price Increments

The price of an option shall be quoted in index points. The minimum fluctuation shall be 0.10 index points, equivalent to \$25.00 per contract.

420A01.D. Underlying Futures Contract

The underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in August 2006 is the August 2006 futures contract.

420A01.E. Exercise Prices

The exercise prices shall be stated in terms of the respective CME Composite Housing Index futures contract which is deliverable upon exercise of the option.

At the commencement of option trading in a contract month, 10 eligible puts and call options at 5.00 index point intervals at a range of 50 index points above and 50 index points below the previous day's settlement price of the nearest the futures contract will be listed. Thereafter, 10 eligible puts and calls at 5.00 index point intervals at a range of 50 index points above and 50 index points below the previous day's settlement price of the underlying futures contract will be listed. Strikes at 1.00 index point intervals within the above range will be listed upon demand evidenced in the options pit.

New options may be listed for trading up to and including the termination of trading. The Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

420A01.F. Position Limits

No person shall own or control a combination of options and underlying futures contract that exceeds 5,000 futures-equivalent contracts net on the same side of the market in all contract months combined.

For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.

420A01.G. 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.

420A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 543 and shall not apply to other option positions exempted pursuant to Rule 543.

420A01.I. Termination of Trading

Options trading shall terminate at the same date and time as the underlying futures contract.

420A01.J. Contract Modification

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these rules, such order, ruling directive, or law shall be construed to become part of these rules and all open new options contracts shall be subject to such governmental orders.

420A02. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of options on CME Composite Housing Index futures.

420A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer on any business day that the option is traded. Exercise of an option is accomplished by the clearing member representing the buyer presenting an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the business day following the termination of trading by the clearing member representing the option buyer, be exercised automatically.

In-the-money options that expire in months other than those in the February quarterly cycle (February, May, August and November) and have not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of the expiration by the clearing member representing the option buyer, be exercised automatically.

Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

420A02.B. Assignment

Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following business day.

The clearing member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call was exercised or a long position if a put was exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call was exercised and a short position if a put was exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the trading day of acceptance by the Clearing House of the exercise notice.

420A03. EMERGENCIES, ACTS OF GOD, ACTS OF GOVERNMENT

If exercise or assignment or any precondition or requirement of either is prevented by a strike, fire, accident, act 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.

(End Chapter 420A)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTERS 419, 419A, 420 AND 420A

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