

Special Executive Report

S-4495

September 14, 2006

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1. CME Korean Won (KRW) Versus U.S. Dollar (USD) Futures and Options Begin Trading on Sunday, September 17, 2006

As you were notified previously in CME Special Executive Reports S-4493, dated Friday, September 1, 2006 and in S-4466, dated Wednesday, June 28, 2006; and in CME Updates / July 2006, August 2006 and September 2006, on Tuesday, June 20, 2006, the Exchange announced the listing of CME Korean Won/U.S. Dollar futures and options on futures contracts. These new contracts will expand the CME foreign exchange (FX) product line and allow market participants to manage their U.S. dollar exposure against Korea's currency – the won. These contracts will be cash-settlement futures and American-style options. Both the futures and their options will be listed for trading exclusively on the CME Globex® electronic trading system.

Contract launch highlights follow immediately below. Please note that the “cash settlement” section is amended to describe new backup procedures in the event the primary settlement rate option is unavailable at the futures contract termination of trading. A contract terms summary follows the launch highlights as Section 17 and the detailed contract specifications for the CME Rulebook follow as Section 18, with additions underlined and deletions bracketed and overstruck.

Launch: Sunday, September 17, 2006 at 5:00 p.m. for the CME Globex trade date of Monday, September 18, 2006.

2. Trading Hours and Trading Venue

Both futures and options will be traded exclusively on the CME Globex electronic trading system on Sundays through Fridays from 5:00 p.m. to 4:00 p.m. Central Time (CT) on the next day. Please note that on Friday the CME Globex platform closes at 4:00 p.m. and reopens Sunday at 5:00 p.m. CT.

3. CME Globex Order Entry Price, Price Display & Options Strike Price Formats (KRW)

The CME Globex order entry price and price displays and options strike price listings for CME KRW futures appear in the following table.

CME Korean Won Futures and Options CME Globex Order Entry & Price Display Formats			
	<u>Futures</u>	<u>Options</u>	<u>Options Strike Prices</u>
Actual Price	\$0.0010557	\$0.0000263	\$0.001055, \$0.001060, \$0.001065
CME Globex Order Entry & Display Prices (no decimal)	10557	263	1055, 1060, 1065

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

4. Initial Futures and Options Contract Months

Futures: [Sep. 2006 not listed] Oct. 2006, Nov. 2006, Dec. 2006, Jan. 2007, Feb. 2007, Mar. 2007, Apr. 2007, May 2007, Jun. 2007, Jul. 2007, Aug. 2007, Sep. 2007, Oct. 2007 consecutive contract months, plus Dec. 2007, Mar. 2008 quarterlies

Futures Calendar Spreads (Month = M1 through 13):

M2 vs. M1:	November 2006 vs. October 2006
M3 vs. M1:	December 2006 vs. October 2006
M4 vs. M1:	January 2007 vs. October 2006
M7 vs. M1:	April 2007 vs. October 2006
M10 vs. M1:	July 2007 vs. October 2006
M13 vs. M1:	October 2007 vs. October 2006
M5 vs. M2:	February 2007 vs. November 2006
M6 vs. M3:	March 2007 vs. December 2006
M7 vs. M4:	April 2007 vs. January 2007
M8 vs. M5:	May 2007 vs. February 2007
M9 vs. M6:	June 2007 vs. March 2007
M10 vs. M7:	July 2007 vs. April 2007
M11 vs. M8:	August 2007 vs. May 2007
M12 vs. M9:	September 2007 vs. June 2007
M13 vs. M10:	October 2007 vs. July 2007

Options: [Sep. 2006 not listed] Oct. 2006, Nov. 2006, Dec. 2006, Jan. 2007, Feb. 2007, Mar. 2007, Apr. 2007, May 2007, Jun. 2007, Jul. 2007, Aug. 2007, Sep. 2007 consecutive contract months, plus weekly expirations [initial "9/22/06" weekly option will not be listed] 9/29/06, 10/6/06, 10/13/06.

If you have any questions, please contact Steve Youngren, Associate Director, Financial Product Development at (312) 930-4583.

5. Listing Procedures for Adding New CME KRW / USD Contract Listings

Futures: 13 consecutive calendar months (Jan, Feb, Mar, Apr, May, Jun, etc.) plus 2 deferred March quarterly cycle contracts (Mar, Jun, Sep and Dec)

Options: 12 consecutive calendar month options, plus 4 weekly options with a monthly underlying future.

CME KRW vs. USD Futures Contract Listing Procedures			
	<i>Contract Month</i>	<i>Termination Date (Cash Settlement Valuation Date)</i>	<i>No Delivery Date</i>
Initial Futures Months	October 2006*	Mon. 10/16/06	NA
	November 2006	Mon. 11/13/06	NA
	December 2006	Mon. 12/18/06	NA
	January 2007	Fri. 1/12/07	NA
	February 2007	Fri. 2/16/07	NA
	March 2007	Mon. 3/19/07	NA
	April 2007	Mon. 4/16/07	NA
	May 2007	Mon. 5/14/07	NA
	June 2007	Mon. 6/18/07	NA
	July 2007	Mon. 7/16/07	NA
	August 2007	Mon. 8/13/07	NA
	September 2007	Mon. 9/17/07	NA
Listed 1 Day Early	October 2007	Mon. 10/15/07	NA
	December 2007	Mon. 12/17/07	NA
	March 2008	Mon. 3/17/08	NA
New Monthly Futures Added for Trading on Tuesday, October 17, 2006, the Day Following Termination of Nearby Contract, Etc.*	November 2007	Mon. 11/19/07	NA
New March Quarterly Futures Added for Trading on Tuesday, November 14, 2006, the Day Following Termination of Nearby Contract, Etc.	June 2008	Mon. 6/16/08	NA
New Monthly Futures Added for Trading on Tuesday, December 19, 2006, the Day Following Termination of Nearby Contract, Etc.	January 2008	Mon. 1/14/08	NA

CME KRW vs. USD Options Contract Listing Procedures			
	<i>Options Type</i>	<i>Series</i>	<i>Termination Date</i>
Initial Options	Monthly (Not listed)	September 2006	Mon. 9/18/06
	Weekly (Not listed)	9/22/06	Fri. 9/22/06
	Weekly	9/29/06	Fri. 9/29/06
	Weekly	10/6/06	Fri. 10/6/06
	Weekly	10/13/06	Fri. 10/13/06
	Monthly	October 2006	Mon. 10/16/06
	Monthly	November 2006	Mon. 11/13/06
	Monthly	December 2006	Mon. 12/18/06
	Monthly	January 2007	Fri. 1/12/07
	Monthly	February 2007	Fri. 2/16/07
	Monthly	March 2007	Mon. 3/19/07
	Monthly	April 2007	Mon. 4/16/07
	Monthly	May 2007	Mon. 5/14/07
	Monthly	June 2007	Mon. 6/18/07
	Monthly	July 2007	Mon. 7/16/07
	Monthly	August 2007	Mon. 8/13/07
(Early listing)	Monthly (1 day early)	September 2007	Mon. 9/17/07
New Options Added for Trading on Day Following Termination of Nearby Series.	Weekly	10/20/06 (listed on 9/25/06, the business day following the theoretical "9/22/06" weekly option termination date)	10/20/06
	Weekly	10/27/06 (listed on 10/2/06)	10/27/06
	Weekly	11/3/06 (listed on 10/9/06)	11/3/06
	Weekly, etc.	11/10/06 (listed on 10/16/06)	11/10/06
	Monthly	October 2007 (listed on 10/17/06)	10/15/07
	Monthly	November 2007 (listed on 11/14/06)	11/19/07
	Monthly, etc.	December 2007 (listed on 12/19/06)	12/17/07

If you have any questions, please contact Steve Youngren, Associate Director, Financial Product Development at (312) 930-4583.

6. Termination of Trading Schedules for CME KRW Futures and Options

CME has specified the termination of trading for the monthly futures and their underlying options to be the second business day preceding the third Wednesday of the contract month to line up with the termination of trading for the Exchange's physical delivery foreign exchange futures contracts.

Monthly options terminate at the same date and time as the underlying futures contract with exercise into futures contracts that are cash-settled. Weekly options will terminate on every Friday at 2:00 p.m. Central Time that does not happen to be the occasional termination days for the monthly options (due to a Monday holiday). In-the-money weekly options at termination exercise into the nearby futures contract not yet terminated. The CME Korean Won options on futures are American-style exercise by 7:00 p.m. on any day that the option is traded.

If you have any questions, please contact Steve Youngren, Associate Director, Financial Product Development at (312) 930-4583.

7. Normal Cash Settlement Procedures

Residual foreign exchange and capital controls in Korea prevent physical delivery in KRW. Cash settlement of the futures contract is based on the same rates utilized by the over-the-counter (OTC) non-deliverable forward (NDF) foreign exchange market. The CME Korean Won futures cash settle to the reciprocal of the spot exchange rate of Korean won per U.S. dollar as reported on the termination of trading day by Korea Financial Telecommunication and Clearing Corporation (KFTC) and determined by the Seoul Money Brokerage Service Limited (SMBS). This rate appears on (1) the Reuters KFTC18 Page to the right of the caption "USD Today" and also on (2) the Telerate Page 45644 to the right of the caption "Today." The reciprocal will be rounded to seven decimal places. The reported KFTC18 rate and Telerate Page 45644 rate represent volume-weighted spot market activity for value on the second succeeding Korean business day. The Korean Ministry of Finance and Economy (MOFE) designated SMBS as the institution responsible for the calculation and announcement of the basic exchange rate of Korean won against major currencies. This spot exchange rate is published at about 3:30 p.m. Seoul Time on the rate calculation date, but no later than 9:00 a.m. Seoul Time (6:00 p.m. Central time in the winter and 7:00 p.m. Central time in the summer) on the next Korean business day. This rate is used widely by the interbank foreign exchange market to cash settle non-deliverable forward contracts for Korean won versus U.S. dollars. All open positions at the termination of trading will be cash settled to the reciprocal of this rate when it is available.

Daily settlement variation pays and collects as well as the last mark to market to the Final Settlement Prices will be done in U.S. dollars. CME has chosen pricing of the CME KRW contracts in U.S. dollars per KRW, reciprocals to quotations standard in the interbank foreign exchange market, but analogous to the CME Japanese yen and several other of its foreign exchange contracts. CME anticipates that there will be an active arbitrage market between the CME KRW futures and the OTC NDF market analogous to that present in the Exchange's Russian ruble futures contracts.

If you have any questions, please contact Steve Youngren, Associate Director, Financial Product Development at (312) 930-4583.

8. Amendments to the Cash Settlement Rules to Add Backup Procedures

CME has concluded discussions with EMTA, Inc., the Foreign Exchange Committee and the Singapore Foreign Exchange Market Committee (SFEMC) concerning the CME's use of the non-deliverable forward (NDF) market backup procedures for cash settlement of CME Asian NDF-style foreign exchange futures contracts when the primary settlement rate option is unavailable. CME adopted backup procedures for the CME Russian ruble futures contract that were analogous to the NDF market's "EMTA RUB Indicative Survey Rate" procedures for when the CME/EMTA Russian Ruble Reference Rate was unavailable to cash settle Dollar/Ruble NDF transactions. Similarly, the Asian FX NDF-trading community sees benefit in CME using analogous backup procedures to settle its KRW futures contracts when the primary rates are

not published. These backup procedures ensure that the NDF transactions and CME futures contracts will settle together in most situations. This reduces basis risk between the NDFs and the CME futures, and promotes hedging between the futures and the NDF markets, and prevents unnecessary confusion in market practices.

In the case of the CME Asian NDF-style futures contracts, here, Korean won futures, if the primary rate is unavailable, final settlement will be deferred for up to 14 calendar days. Then in the event of no published rate for 14 consecutive calendar days, on Day 15 the SFEMC sponsors a survey of dealers for an "indicative rate" as defined in the backup procedure methodology (see the text of the new Interpretation to CME Chapter 271). If a SFEMC indicative rate is determined, NDFs and the futures settle using the same rate. If a SFEMC indicative rate is not determined on Day 15, then SFEMC's agent (currently, Moneyline/Telerate) surveys again on Day 16 and if no rate, the survey is done again on Day 17. If a SFEMC indicative rate is determined then, NDFs and futures settle to the same rate. If SFEMC's agent does not get a SFEMC indicative rate on Day 17, then on Day 18 NDFs get settled bilaterally by "Calculation Agents," usually a third party mutually agreed upon at the time of the NDF contract's origin, and CME settles its futures contracts by Emergency action, using all available information to aid the Board of Directors in its decision. CME has amended the cash settlement sections of CME Korean Won futures contracts to provide for these backup procedures. An interpretation has been added to the CME Korean Won versus the U.S. Dollar futures contract (CME Chapter 271) that details the methodology that SFEMC and its agent follow to calculate the "SFEMC KRW Indicative Survey Rate" when the primary KFTC18 published KRW rates are unavailable.

If you have any questions, please contact Steve Youngren, Associate Director, Financial Product Development at (312) 930-4583.

9. Membership Access / New Product Access Program

The CME Korean Won vs. U.S. Dollar futures contracts are allocated to the IMM Division and the associated options on futures are allocated to the IOM Division. Also, according to CME Rule 194 – **NEW PRODUCT ACCESS PROGRAM**, these CME Korean won futures and options contracts will be included in the Exchange's "New Product Access Program." One effect of this provision is that IOM and GEM members trading these products on CME Globex will be charged lessee clearing fee rates rather than out-of-division rates for a limited time.

If you have any questions, please call Lori Aldinger, Associate Director, Financial Product Development, at (312) 930-2337.

10. Promotional Fee Waivers

The following promotional fee waivers will be in effect from the launch date (Sunday, September 17, for the trade date of Monday, September 18, 2006) for the CME Korean won futures and options contracts:

- Waive all Exchange fees for all market participants for six months from the launch date.
- For authorized market makers, waive all Exchange fees for one year from the launch date.

If you have any questions, please contact Scott Brusso, Director, Foreign Exchange at 312-930-3133.

11. Korean Bank Liquidity Program

CME approved a Korean Bank Liquidity Program on Thursday, July 20, 2006. In order to encourage the participation of Korean banks in the CME Korean Won futures and options markets, CME will create educational seminars and proprietary trade-fee discounts exclusively for participant Korean banks.

If you have any questions, please contact Scott Brusso, Director, Foreign Exchange, at (312) 930-3133 or Tae Yoo, Associate Director, Business Development, Products and Services Asia, at (312) 466-7443.

12. Reportable Position Levels and Underlying Cash Instrument for a CME Korean Won Futures EFP

The minimum level at which positions must be reported to the Exchange is 25 contracts for the new CME Korean won futures and options contracts.

The cash side of an EFP transaction in the CME Korean won futures contracts will follow standard EFP procedures. A market participant doing an EFP for these contracts will need underlying cash evidence of U.S. dollars or Korean won for the Korean Won/U.S. Dollar futures as appropriate for the transaction. Non-deliverable forward (NDF) transaction documentation is an example of allowable evidence for the cash side of the EFP.

If you have any questions, please call Steve Mair, Manager, Currency Market Surveillance, at (312) 466-4382.

13. Block Trading

Block trading is allowed in the CME KRW/USD options on futures contracts at minimum thresholds of 250 contracts. Block trading of CME KRW/USD futures are not allowed, except as part of a combination trade with options, where the futures minimum threshold is 25 contracts with the options combination.

If you have any questions, please call Lori Aldinger, Associate Director, Financial Product Development, at (312) 930-2337.

14. CME Globex Error Trade Policy

The standard CME Globex error trade policy for CME foreign exchange futures will apply to the new CME KRW/USD futures. This includes a no bust range of "20 ticks or less" which is currently applicable for all foreign currency futures.

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

15. CME Globex Price Bands

As with our existing currency contracts, there are no price limits for CME Globex trading of CME KRW/USD futures and options contracts. However, for CME Globex trading, automated price banding prevents execution of orders at prices falling outside of 60 ticks (60 points) for outright trades and 10 ticks (10 points) for spread trades from the last sale, best bid or best offer. Price banding prevents the entry of limit orders more than a pre-determined amount above the last price in the case of bids and more than the same pre-determined amount below the last price in

the case of offers. The band “shadows” the currency futures price as it reacts to new transaction prices, higher bids and lower offers. The CME Globex bands minimize inadvertent price entries into CME Globex.

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

16. Performance Bond Requirements

CME Performance Bond staff approved the performance bond requirements for the new CME KRW products listed below. These margins will become effective with the launch of these products on Sunday, September 17, 2006 for the trade date of Monday, September 18, 2006.

SPAN[®] MINIMUM PERFORMANCE BOND REQUIREMENTS

CME Currency Futures Outright Rates

Korean Won (KRW)

Rate Type	Initial	Maintenance
Spec	\$2,295	\$1,700
Hedge/Member	\$1,700	\$1,700

CME Currency Futures Intra-Commodity Spread Rates

Korean Won (KRW) - All Months

Rate Type	Initial	Maintenance
Spec	\$68	\$50
Hedge/Member	\$50	\$50

Commodity Code	Volatility Scan	Short Option Minimum
Korean Won (KRW)	0.015	1.5%

Please contact the Risk Management Department at (312) 648-3888, if you have any questions regarding these performance bond changes.

17. Contract Specifications Summary Sheet

CME Korean Won / U.S. Dollar Futures & Options Contracts

	Futures	Options on Futures
Contract Size	125,000,000 Republic of Korea won (approximately US\$131,962 as of 06/01/06)	One futures contract
Sample Quote	\$0.0010557 USD/KRW ≈ 947.24 KRW/USD ¹	A quote of .0000063 represents an option premium of \$787.50 (=125,000,000 KRW x \$.0000063 per KRW)
Tick Size	Trading can occur in \$.0000001 per Korean won increments (\$12.50/contract).	\$.0000001 per Korean won = \$12.50/contract.
Trading Hours	<u>Sundays through Fridays:</u> 5:00 p.m.-4:00 p.m. (Central time, CT) the next day. (8:00 a.m.-7:00 a.m. next day Seoul time in winter and 7:00 a.m.-6:00 a.m. next day Seoul time in summer.) On Friday CME Globex® platform closes at 4:00 p.m. and reopens Sunday at 5:00 p.m. CT.	Same as the futures.
Months	13 consecutive calendar months (Jan, Feb, Mar, Apr, May, Jun, etc.) plus 2 deferred March quarterly cycle contracts (Mar, Jun, Sep and Dec)	12 consecutive calendar month options, plus 4 weekly options with a monthly underlying future.
Last Trading Day	Trading ceases at 3:30 p.m. Seoul time ² on the second business day immediately preceding the third Wednesday of the contract month (usually Monday) which would be either 12:30 a.m. (winter) or 1:30 a.m. (summer) Central time on the second business day preceding the third Wednesday of the contract month (usually early Monday morning CT).	<u>Monthly Options:</u> At the same date and time as the underlying futures contract. <u>Weekly Options:</u> At the normal closing time of open outcry FX markets on Fridays (usually 2:00 p.m. CT) that are not the termination of a monthly option (due to a Monday holiday).
Cash Settlement (Non-Deliverable Forward or "NDF-Style" Final Settlement)	Final Settlement Price is equal to the reciprocal of the spot exchange rate of Republic of Korea won per U.S. dollar as reported on the termination of trading day by Korea Financial Telecommunication and Clearing Corporation (KFTC) and determined by the Seoul Money Brokerage Service Limited (SMBS), which appears on (1) the Reuters KFTC18 Page to the right of the caption "USD Today" and also on (2) the Telerate Page 45644 to the right of the caption "Today." The reciprocal will be rounded to seven decimal places. The reported KFTC18 rate and Telerate Page 45644 rate represent spot market activity for value on the second succeeding Korean business day. The Republic of Korea Ministry of Finance and Economy (MOFE) has designated SMBS as the institution responsible for the calculation and announcement of the basic exchange rate of Korea won against major currencies. This spot exchange rate is published at about 3:30 p.m. Seoul time on the rate calculation date, but no later than 9:00 a.m. Seoul time (6:00 p.m. Central time in winter and 7:00 p.m. Central time in summer) on the next Korean business day. This rate is used widely by the interbank FX market to cash settle non-deliverable forward contracts for Korean won versus U.S. dollars. All open positions at the termination of trading will be cash settled to the reciprocal of this rate when it is available.	<u>Monthly Options:</u> Contract months exercise in to cash-settled futures contracts. <u>Weekly Options:</u> Contract months exercise into the next monthly futures contract month not yet terminated.
Strike Prices	NA	\$.000005 per Korean won, e.g., \$.001050, \$.001055, \$.001060, etc.
Exercise/Assignment	NA	American Style: In-the-money options auto-exercised at expiration. Options may be exercised until 7:00 p.m. CT on any business day the option is traded.
Position Accountability	Positions more than 6,000 contracts net long or short in all contract months combined must provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position.	A person owning or controlling a combination of options and underlying futures contracts that exceed 6,000 futures-equivalent contracts net on the same side of the market in all contract months combined, will provide, in a timely fashion, upon CME's request, information regarding the nature of the position.
Spot Position Limits	No more than 2,000 contracts net long or short in the spot month one week prior to termination.	No more than 2,000 futures-equivalent contracts net long or short in the spot month one week prior to termination.
Maximum Price Fluctuation (Price Limits)	Price banding in effect at $\pm .000006$ (60 ticks) for outrights, $\pm .000001$ (10 ticks) for spreads ³	Same level of options price banding on CME Globex as for the underlying futures. Trading halted when underlying futures is locked at limit (currently, no price limit in the underlying futures).
Ticker Symbol	KRW	KRW, Weeklies KR1-KR5
Commodity Code	KRW	Same

¹ For live quotations in terms of KRW per USD visit www.cme.com/e-equivalents.

² Seoul time is 15 hours ahead of Chicago (Central time) in the winter and 14 hours ahead of Chicago in the summer. Korea does not observe Daylight Saving Time.

³ No price limits. However, for CME Globex trading, automated price banding prevents execution of orders at prices falling outside of the last sale, best bid or best offer and \pm the price band. Price banding prevents the entry of limit orders more than a pre-determined amount above the last price in the case of bids and more than the same pre-determined amount below the last price in the case of offers. The band "shadows" the last foreign exchange futures price as it reacts to new transaction prices, higher bids and lower offers.

18. Revised CME Rulebook Contract Terms Additions are underlined and deletions are bracketed and overstruck.

CHAPTER 271
Korean Won Futures

27100. SCOPE OF CHAPTER

This chapter is limited in application to futures trading in Korean Won versus the U.S. dollar. The procedures for trading, clearing, delivery, settlement and any other matters not specifically contained herein shall be governed by the rules of the Exchange.

27101. FUTURES CALL

27101.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.

27101.B. Trading Unit

The unit of trading shall be 125,000,000 Korean Won.

27101.C. Price Increments

Minimum price fluctuations shall be in multiples of \$.0000001 per Korean Won, equivalent to \$12.50 per contract.

27101.D. Position Accountability and Spot Month Position Limits

A person owning or controlling more than 6,000 contracts net long or net short in all contract months combined shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable; except that in no event shall such person own or control more than 2,000 contracts in the spot month on or after the day one week prior to the termination of trading day. For positions involving options on Korean Won futures, this rule is superseded by the option position accountability and spot month position limits rule.

In addition, the Exchange President or his designee or the Business Conduct Committee may require, at their discretion, that such positions not be further increased.

27101.E. Accumulation of Positions

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

27101.F. Exemptions

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

27101.G. Termination of Trading

Futures trading shall terminate at 3:30 p.m. Seoul time⁴ on the second business day immediately preceding the third Wednesday of the contract month (usually Monday) which would be either 12:30 a.m. (winter) or 1:30 a.m. (summer) Central time on the second business day preceding the third Wednesday of the contract month (usually early Monday morning). If the foregoing date for termination is a bank holiday in Chicago or New York City or Seoul, Korea, futures trading shall terminate on the next preceding business day common to Chicago and New York City and Seoul, Korea banks and the Exchange.

27101.H. Contract Modifications

Specifications shall be fixed as of the first day of trading of a contract, except that all deliveries must conform to government regulations in force at the time of delivery. If any national or international government 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.

27102. SETTLEMENT PROCEDURES

27102.A. [Reserved]

27102.B. Cash Settlement

All Korean Won futures contracts remaining open after the close of trading on the termination of trading day shall be liquidated by cash settlement at a price equal to the Final Settlement Price. Final Settlement Price is equal to the reciprocal of the spot exchange rate of Republic of Korea won per U.S. dollar as reported on the termination of trading day by Korea Financial Telecommunication and Clearing Corporation (KFTC) and determined by the Seoul Money

⁴ Seoul time is 15 hours ahead of Chicago (Central time) in the winter and 14 hours ahead of Chicago in the summer. Korea does not observe Daylight Saving Time.

Brokerage Service Limited (SMBS), which appears on (1) the Reuters KFTC18 Page to the right of the caption "USD Today" and also on (2) the Telerate Page 45644 to the right of the caption "Today." The reciprocal will be rounded to ~~eight~~ seven decimal places. The reported KFTC18 rate and Telerate Page 45644 rate represent spot market activity for value on the second succeeding Korean business day. The Republic of Korea Ministry of Finance and Economy (MOFE) has designated SMBS as the institution responsible for the calculation and announcement of the basic exchange rate of Korea won against major currencies. This spot exchange rate is published at about 3:30 p.m. Seoul Time on the rate calculation date, but no later than 9:00 a.m. Seoul Time (6:00 p.m. Central time in the winter and 7:00 p.m. Central time in the summer) on the next Korean business day. This rate is used widely by the interbank foreign exchange market to cash settle non-deliverable forward contracts for Korean won versus U.S. dollars. All open positions at the termination of trading will be cash settled to the reciprocal of this rate when it is available.

In the event that the spot exchange rate of Korean Won per U.S. dollar is not reported by Korea Financial Telecommunication and Clearing Corporation (KFTC) and/or determined by the Seoul Money Brokerage Service Limited (SMBS) on the CME Korean Won futures contract Termination of Trading day, and therefore, CME cannot determine the CME Korean Won Final Settlement Price, then final settlement of the CME Korean Won futures contract may be deferred or postponed for up to 14 consecutive calendar days. This procedure is intended to correspond to the deferral or postponement procedure followed by the NDF market pursuant to recognized market practices as published by EMTA, Inc., the Foreign Exchange Committee and the Singapore Foreign Exchange Market Committee ("SFEMC"). Upon the reporting of the spot exchange rate of Korean Won per U.S. dollar by KFTC and calculated by SMBS prior to the lapse of such 14-day period, CME shall determine the Final Settlement Price using the reciprocal of such KFTC rate rounded to seven decimal places, and the CME Korean Won futures contract shall be cash settled on such day. If however, 14 consecutive calendar days pass without publication of the KFTC rate, CME shall otherwise determine the Final Settlement Price. See next paragraph.

After the lapse of 14 consecutive calendar days without publication of the KFTC rate, the Final Settlement Price may be calculated and published by CME on the next business day using the SFEMC KRW Indicative Survey Rate ("KRW Indicative Survey Rate"), if available. The KRW Indicative Survey Rate is proposed to be published by SFEMC (or its designee) and posted on the public portion of SFEMC and EMTA's website following the continuous unavailability of the KFTC rate for 14 calendar days in order to provide the NDF market with a back-up rate source for valuation of certain outstanding non-deliverable foreign exchange transactions if the KFTC rate cannot be published for an extended period of time. The procedures for the SFEMC KRW Indicative Survey are defined in the Interpretation to this chapter.

However, if SFEMC fails to publish the KRW Indicative Survey Rate on the first business day following the lapse of the valuation postponement or deferral period described above, and the KFTC rate is also unavailable, then SFEMC shall repeat efforts to obtain the KRW Indicative Survey Rate each day for an additional two business days. If on either of these two business days the KFTC rate is published, then final settlement of the CME Korean won futures contracts shall be to the reciprocal of the first of these rates published, rounded to seven decimal places. However, if the KFTC rate is unavailable and the SFEMC publishes the KRW Indicative Survey Rate on either of these two business days, then the final settlement of the CME Korean won futures contracts shall be to the reciprocal of the first of these rates published, rounded to seven decimal places. If the SFEMC does not publish the KRW Indicative Survey Rate on either of these two business days, then [Rule 27103](#) shall apply to determine the Final Settlement Price. See next paragraph.

However, in the event that the Exchange President determines that the Clearing House is not able to determine a Final Settlement Price pursuant to any of the preceding sections and the Interpretation to this chapter, then [Rule 27103](#) and [Rule 701](#) shall apply to determine the Final Settlement Price.

27103. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)

INTERPRETATION TO CHAPTER 271

Effective, May 17, 2006, EMTA, Inc., the Foreign Exchange Committee ("FXC") and the Singapore Foreign Exchange Market Committee ("SFEMC") adopted amendments to the December 1, 2004 non-deliverable forward ("NDF") template procedures for six Asian currencies, which included a "SFEMC KRW Indicative Survey" ("KRW Indicative Survey") to be conducted in certain circumstances when the official closing "exchange rate of Korean Won per U.S. dollar" as reported by the Korea Financial Telecommunication and Clearing Corporation (KFTC) and determined by the Seoul Money Brokerage Service Limited (SMBS) is unavailable for settlement of expiring non-deliverable forward ("NDF") Korean Won versus U.S. dollar transactions. The KRW Indicative Survey results in the calculation of the "SFEMC KRW Indicative Survey Rate" ("KRW Indicative Survey Rate"), which can be used by the NDF market to settle non-deliverable Korean Won / U.S. Dollar transactions in defined circumstances. In order to reduce basis risk for market participants trading both NDF Korean Won transactions and CME Korean Won futures and options on futures contracts, CME has also adopted procedures to settle terminated CME Korean Won futures contracts to the reciprocal of the KRW Indicative Survey Rate when the KRW KFTC18 rate has been unavailable for 14 consecutive calendar days. The following sets forth the EMTA, FXC and SFEMC methodology for the KRW Indicative Survey.

The SFEMC KRW Indicative Survey

For purposes of determining the SFEMC KRW Indicative Survey Rate ("KRW Indicative Survey Rate") for any Valuation Date, SFEMC (or a service provider SFEMC may select in its sole discretion) shall conduct a survey of financial institutions ("KRW Indicative Survey") for such date.

- **Commencing the KRW Indicative Survey:** SFEMC (itself or through a service provider SFEMC will select in its sole discretion) will conduct a survey of financial institutions for the purpose of determining the SFEMC KRW Indicative Survey Rate, beginning at 11:00 a.m. (Singapore time) or as soon thereafter as practicable on a Business Day in Seoul (or a calendar

day that would have been a Business Day but for an Unscheduled Holiday), following any 14 calendar day period during which valuation is deferred or postponed (or both).

- **Polled Banks:** For purposes of determining the KRW Indicative Survey Rate for a Valuation Date, SFEMC (itself or through a service provider) will survey financial institutions that are active participants in the KRW/U.S. Dollar market (each, a "Participating Bank") and included in a current list of Participating Banks published on the SFEMC's website (www.sfemc.org) (the "Publication Site"). Only one office of each financial institution will be included as a Participating Bank in each KRW Indicative Survey.
- **Survey Question:** Each Participating Bank will be asked to provide its reasonable judgment of what is (or, in the case of an Unscheduled Holiday, would be) the current prevailing free market KRW spot rate (bid-offer pair) for a standard size KRW/U.S. Dollar wholesale financial transaction for same-day settlement in the Seoul marketplace on the Valuation Date. In arriving at this indicative quotation, each Participating Bank will be directed to take such factors into consideration as it deems appropriate, which factors may (but need not) include any or all of the following: the spot rate(s) implied in the offshore non-deliverable foreign exchange market for KRW/U.S. Dollar transactions; the spot rate implied by any other financial market transactions (to the extent that such other financial markets are open for business); the spot rate used in connection with any commercial transactions for goods or services from offshore suppliers or providers; any existing rate for trade finance transactions; and any other existing unofficial rate for KRW/U.S. Dollar transactions (commercial or otherwise).

Use of Survey Results

- SFEMC (itself or through a service provider) will determine the mid-point of each bid-offer pair. The arithmetic mean of the mid-points will be used to determine the KRW Indicative Survey Rate, rounded to the fourth decimal point as describe below.
- If the KRW Indicative Survey results in 21 or more responses, then the 4 highest and 4 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points will be computed and will constitute the KRW Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 4 highest and 4 lowest mid-points, if more than 4 mid-points have the same highest value or lowest value, then only 4 such mid-points shall be eliminated
- If the KRW Indicative Survey results in less than 21 but 11 or more responses, then the 2 highest and 2 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points shall be computed and will constitute the KRW Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 2 highest and 2 lowest mid-points, if more than 2 mid-points have the same highest value or lowest value, then only 2 such mid-points shall be eliminated.
- If the KRW Indicative Survey results in less than 11 but 8 or more responses, then the highest and the lowest mid-points will be eliminated and the arithmetic mean of the remaining mid-points will be computed and will constitute the KRW Indicative Survey Rate for such Valuation Date. For purposes of eliminating the highest and lowest mid-points, if more than 1 mid-point has the same highest value or lowest value, then only 1 such mid-point shall be eliminated.
- If the KRW Indicative Survey results in less than 8 but 5 or more responses, then no mid-points will be eliminated and the arithmetic mean of all mid-points will be computed and will constitute the KRW Indicative Survey Rate for such Valuation Date.
- Quotes will be provided to the fourth decimal point (e.g., 1.0000).

Insufficient Responses

- If the KRW Indicative Survey results in less than 5 responses from Participating Banks ("Insufficient Responses"), no KRW Indicative Survey Rate will be available for the relevant Valuation Date. The next KRW Indicative Survey will take place on the next succeeding Business Day in Seoul (or calendar day that would have been a Business Day but for an Unscheduled Holiday), subject to section below titled "Discontinuing the KRW Indicative Survey."

KRW Indicative Survey Rate Publication

- The KRW Indicative Survey Rate will be published on Publication Site at 3:30 p.m. (Singapore time), or as soon thereafter as practicable.
- As soon as it is determined that the KRW Indicative Survey will result in Insufficient Responses, a notice that no KRW Indicative Survey Rate is available for the Valuation Date will be published on the Publication Site.
- The response of each Participating Bank to the Indicative Survey (bid-off pair) will be available on the Publication Site at 9:00 a.m. (Singapore time) on the first Business Day in Seoul (or calendar day that would have been a Business Day but for an Unscheduled Holiday) following the Business Day on which the relevant KRW Indicative Survey Rate is published, or as soon thereafter as practicable.

Discontinuing the KRW Indicative Survey

- The KRW Indicative Survey will be discontinued (i) on the calendar day first following the Business Day in Seoul on which the KRW KFTC18 (KRW 02) is available for the determination of a Settlement Rate, or (ii) on the calendar day first following polling for the KRW Indicative Survey that results in Insufficient Responses for three consecutive polling days. Notwithstanding the foregoing, nothing herein will be construed to prevent SFEMC from continuing or re-initiating the KRW Indicative Survey at an appropriate time.

- A notice that the KRW Indicative Survey has been discontinued will be published on the Publication Site.

Amendments to the Methodology

- SFEMC may, in its discretion, from time to time, make such administrative, procedural or other modifications to this Methodology as are appropriate to ensure the continued operation and integrity of the KRW Indicative Survey.

Disclaimer

- CME, SFEMC and any service provider SFEMC may select disclaim liability for the use of the SFEMC Indicative Survey Rates and for any action taken in reliance thereon, and CME, SFEMC and any service provider SFEMC may select make no representation and warranty, express or implied, either as to the results (including, without limitation, the accuracy, timeliness or adequacy) obtained from the use of any of the SFEMC Indicative Survey Rates or the methodology for determining any of the SFEMC Indicative Survey Rates and its merchantability or suitability for any particular use.

(End Chapter 271)

CHAPTER 271A Options on Korean Won Futures

271A00. SCOPE OF CHAPTER

This chapter is limited in application to trading in put and call options on Korean Won futures contracts. 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.

271A01. OPTION CHARACTERISTICS

271A01.A. Contract Months, Trading Hours, and Trading Halts

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

There shall be no trading in any Korean Won option contract when the primary futures contract for that currency is limit bid or offered.

For purposes of this rule, the primary futures contract shall be defined as the futures contract trading in the lead month configuration in the pit.

For purposes of this rule, Exchange staff for the Korean Won currency shall have the responsibility of determining during RTH whether the primary futures contract is limit bid or offered. During Electronic Trading Hours (ETH), the determination shall be made by the GLOBEX Control Center.

271A01.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 Korean Won futures contract as specified in Chapter 271.

271A01.C. Price Increments

The price of an option shall be quoted in U.S. dollars per Korean Won, except as provided in Rule 584 (GLOBEX Volatility Quotes). Each \$.0000001 per Korean Won (one point) shall represent \$12.50. For example, a quote of .0000063 represents an option price of \$787.50 (63 points x \$12.50 per point). The minimum fluctuation shall be one point (also known as one tick).

If options are quoted in volatility terms, the minimum fluctuation shall be 0.05 percent.

271A01.D. Underlying Futures Contract

1. Monthly Options

The underlying futures contract is the same as the option contract month (i.e., the January futures is the contract underlying the January option).

2. Weekly Options

For weekly Korean Won options that expire before the monthly option, the underlying futures contract is the same as the option contract month. For weekly Korean Won options that expire after the monthly option, the underlying futures contract is the futures contract of the next consecutive calendar month. For example, if Monday, June 19th is the expiration of the monthly option (whose underlying futures contract is the June futures), then for the options expiring Friday, June 2nd, June 9th and June 16th, the underlying futures contract is the June futures. In this same example, for the options expiring on the Fridays, June 23rd and June 30th, the underlying futures contract is the July futures.

271A01.E. Position Limits and Accountability

A person owning or controlling a combination of options and underlying futures contracts that exceeds 6,000 futures-equivalent contracts net on the same side of the market in all contract months combined for Korean Won futures and options shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable. In addition, the Exchange President or his designee or the Business Conduct Committee may require, at their discretion, that such positions not be further increased. However, in no event shall a person own or control more than 2,000 futures-equivalent contracts in the spot month on or after the day one week prior to the underlying futures termination of trading day for the Korean Won.

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.

271A01.F. 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.

271A01.G. 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.A. and shall not apply to other option positions exempted pursuant to Rule 543.

271A01.H. Termination of Trading

1. Monthly Options on Korean Won Futures

Trading in monthly options on Korean Won futures contracts shall terminate at the same date and time as the underlying futures contract.

2. Weekly Options on Korean Won Futures

Trading in weekly options on the Korean Won futures contract shall terminate at the close of trading on those Fridays that are not also the termination of trading of a monthly option as described in the immediately preceding paragraph. If the foregoing date for termination is a scheduled Exchange holiday, trading in weekly options shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

271A01.I. 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 and new options contracts shall be subject to such governmental orders.

271A01.J. Exercise Prices

Regular exercise prices shall be stated in terms of U.S. dollars per Korean Won at intervals of \$0.000005, e.g., \$0.001055, \$0.001060, \$0.001065, etc.

271A02. LISTING OF EXERCISE PRICES

1. Monthly Options

At the commencement of trading in a contract month for monthly options on Korean Won futures, the Exchange shall list put and call options at the regular exercise price that is nearest the previous day's settlement price of the underlying futures contract. In addition, the Exchange shall list put and call options at the next eight higher and next eight lower regular exercise prices for options on Korean Won futures.

When a sale, bid, offer, or settlement price in the underlying futures occurs within half a regular exercise price interval of the eighth highest or eighth lowest existing regular exercise price for options on Korean Won futures, put and call options at the next higher or next lower regular exercise price shall be listed for trading on the next trading day. 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.

2. Weekly Options

Upon demand, the Exchange shall list any exercise price for the weekly options that is eligible for listing for the nearest monthly option with the same underlying futures contract.

271A03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Korean Won futures.

271A03.A. Exercise of Option by Buyer

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

All Korean Won options that are in the money⁵ 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 expiration by the clearing member representing the option buyer, be exercised automatically.

⁵ An option is in the money if the settlement price of the underlying futures contract at termination lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

271A03.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 before the opening of Regular Trading Hours 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 is exercised or a long position if a put is exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call is exercised and a short position if a put is 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.

271A04. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)

(End Chapter 271A)

**INTERPRETATIONS & SPECIAL NOTICES
RELATING TO CHAPTER 271A**

CLARIFICATION OF NEW NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE

(Special Executive Report S-1618, March 31, 1986)

Please note that the new non-agricultural option speculative position limit rule supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures position that exceeds the futures position limit rule if that gross position is part of a spread with options, such that the net position across options and futures is less than the applicable limit set in the option rule.

19. Quote Vendor Symbols, Contact Information & CME Data Links

CME Korean Won/US Dollar Futures and Options			
		CME Korean Won/US Dollar Futures	CME Korean Won/US Dollar Weeklies
Vendor Name	System Name	KRW	KR1 - KR5
Bloomberg	Bloomberg	KOA	N/A
Comstock	Comstock	KRW	KR1 - KR5
CQG Inc.	CQG for Windows	KRW	N/A
Data Transmission Network		@KRW	N/A
E-Signal	eSignal	KRW	KR1 - KR5
Futuresource	Futures Source	KRW	N/A
Hyperfeed/PC Quote			
Thomson	ILX Workstation	KRW/	N/A
Reuters	IDN (ETH)	<0#KWR:> & <0#KWR+>	<0#KWRW+>
Bridge	BIS	US@KRW	US@KR1-5
Track Data	MX	KRW'	N/A
TradeStation		KRW	KR1 - KR5

Market users may contact the quote vendor services noted above for details on how to access CME Korean Won futures and options trading information. Customer service numbers for these vendors are provided in the table below.

Vendor Name	Customer Service Number
Bloomberg	1-212-318-2000
Comstock	1-914-381-7000
CQG Inc.	1-800-525-1085
Data Transmission Network	1-800-779-5000
E-Signal	1-800-678-6333
Futuresource	1-800-678-6333
Reuters	1-800-325-4357
Bridge	1-800-325-4357
Thomson	1-800-225-5459
Track Data	1-212-612-2100
TradeStation	1-800-871-3577
CME Market Data Operations	1-312-930-8193

Also, market users may contact CME Market Data Operations for aid in accessing CME Korean Won futures and options quotations using the symbols noted above. For assistance, you may contact Marilee Radecki, Associate Director, Market Data Operations, at (312) 930-8193 or email her at mradecki@cme.com.

CME Market Data Resources:

For CME Korean Won futures and options data, CME has several in-house resources. After the products launch on Sunday, September 17, 2006, you may access information about the following services with the CME Web site links provided.

“CME E-quotes” for more information, please use the following CME Web site link: <http://www.cme.com/trading/dta/real/eqquotes2351.html>.

“CME E-equivalents.” Use this link: <http://equivalentsrdc.cme.com:443/index.html>.

“CME Globex Flash Quotes.” Use this link: <http://www.cme.com/trading/dta/del/globex.html>.

“Delayed Futures and Options Quotes.” Use this link: <http://www.cme.com/trading/dta/del/>.

If you have any questions concerning the CME Korean Won contracts, please contact Scott Brusso, Director, Foreign Exchange at 312-930-3133 or by email: sbrusso@cme.com or Steve Youngren, Associate Director, Financial Product Development at 312-930-4583 or by email: syoungre@cme.com.