

CME Lists ETF Futures on June 6, 2005

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) will list futures based on three Exchange Traded Funds (“ETFs”) on Monday, June 6, 2005. Specifically, the Nasdaq-100 Tracking StockSM (“QQQQ”), Standard & Poor’s Depository Receipts[®] (“SPDR”) and iShares Russell 2000 (“IWM”).¹ CME is adopting Chapter 710 as documented below to establish a framework for such listings.

Traded on Globex - Note that the Exchange intends to offer physically delivered single security futures exclusively on the CME GLOBEX[®] electronic trading platform.

Contract Size – Rule 71001.A. Trading Unit, specifies that “Physically Delivered Single Security Futures contracts shall require the delivery of a particular number of shares, as specified per Rule 71004, of common stock; an exchange traded fund (‘ETF Share’); a trust issued receipt (‘TIR’); a registered closed-end management investment company (‘Closed-End Fund Share’); or, American Depository Receipts (‘ADR’).”

Rule 71004, APPROVED SECURITIES, provides that futures based on SPDRs and IWMs shall be traded in units of 100 shares. SPDRs and IWMs closed at \$117.96 and \$124.24, respectively, on March 31, 2005. This implies a contract valuation of \$11,796 and \$12,424, respectively. However, the Exchange proposes to trade QQQQs based upon a 200-share unit. Note that the Nasdaq-100 Tracking Stock closed at \$36.57 on March 31, 2005, which equates to a contract value of \$7,314.

These values are generally somewhat smaller than the size of the E-mini S&P 500, E-mini Russell 2000 and E-mini Nasdaq-100. They are generally, with the exception of the QQQQs, consistent with practices in the context of other SFPs and with ETF-based options traded on stock option exchanges ... which are generally based upon a 100-share trading unit.

¹ The Board of Directors determined to adopt the Rules documented herein at its regular meeting of January 31, 2005.

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Quotation Specification – Rule 71002.B., Price Increments, provides that “Physically Delivered Single Security Futures contracts shall be traded in U.S. Dollars with a minimum price increment as determined by the Board of Directors as depicted in Rule 71004.” Rule 71004, APPROVED SECURITIES, provides that ETF futures will be quoted in minimum increments of \$0.01 per share. This equates to a \$1.00 tick in the context of SPDRs and IWMs and a \$2.00 tick in QQQQs. This provision is not inconsistent with provisions associated with other extant SFPs or stock options based on ETFs. Further, a penny tick matches practices in the underlying ETF markets.

Position Limits – Rule 71001.E., Position Limits, provides that “[p]osition limits shall be applied on Physically Delivered Single Security Futures contracts such that, during the last five trading days of an expiring contract month, a person shall not own or control more than a specified number of contracts net long or net short in the expiring contract month, as depicted in Exchange Rule 71004. Position limits for each Physically Delivered Single Security Futures contract shall be determined on a case-by-case basis in accordance with CFTC Regulation §41.25(a)(3).”

Rule 71004, APPROVED SECURITIES, provides that the position limit applied to futures based on Nasdaq-100 Tracking Stock during the last five trading days of an expiring contract month shall be 11,250 contracts for the QQQQs; 13,500 contracts for the IWMs; and 22,500 contracts for SPDRs. These figures were determined by reference to CFTC Regulation §41.25(a)(3) which prescribes appropriate position limits by reference to the average daily volume (ADV) in the security over the prior six (6) months and the shares outstanding.

Trading Schedule – The Board has determined that trading in futures on the three subject shall be conducted from 8:30 a.m. to 3:15 p.m. Mondays through Fridays (Chicago time). The Board has further determined initially to list futures for delivery in the first two quarterly delivery months in the March, June, September and December cycle plus the first two non-quarterly or “serial” months (January, February, April, May, July, August, October, November) per Rule 71001.C., Trading Schedule.

Trading Halts – Rule 71001.F. Price Limits and Trading Halts, provides that there is no daily price limit for Physically Delivered Single Security Futures contracts. However, trading of Physically Delivered Single Security Futures shall be halted at all times that a regulatory halt, as defined in Commission Regulation 41.1(l), has been instituted for the underlying security. This provision is adopted consistent with the prescriptions of CFTC Regulation §41.25(a)(2)(i) and SEC Rule 6h-1(a)(3).

Summary Terms and Conditions

Contract Size	One-hundred (100) ETF shares of S&P 500 (SPDR) or iShares Russell 2000 (IWM); or two-hundred (200) shares of Nasdaq-100 Tracking Stock SM (QQQQ)
Contract Months	March Quarterly Cycle plus first two serial months
Trading Hours	Traded on the GLOBEX [®] electronic trading platform from 8:30 am to 3:15 pm Mondays through Fridays (Chicago times)
Minimum Price Fluctuation	\$0.01 or \$1.00 per contract in context of SPDRs and IWM; \$2.00 per contract in context of QQQQs
Trading Halts	Trading halts are coordinated with halts in the underlying ETFs
Position Limits	11,250 contracts for QQQQs; 13,500 for IWMs; 22,500 contracts for SPDRs net long or short during the last five (5) trading days of an expiring contract
Final Settlement Date	Third Friday of the Contract Month
Last Trading Day	Trades until the normal close of trading on the Final Settlement Date
Final Settlement	Final settlement is accomplished through delivery of the requisite number of ETF shares

Daily Settlement – Settlement prices on a daily basis shall be established per current Exchange practices as defined in Rule 813, SETTLEMENT PRICE.

Final Settlement - Final settlement is accomplished through the delivery of the underlying securities against the expiring contract per the provisions of Rule 71003, DELIVERY. Specifically, Rule 71003 provides that “Three (3) business days after the last trading day for an expiring contract, the National Securities Clearing Corporation and Depository Trust Corporation will facilitate delivery of, and payment for, the underlying ... [security] ... whereby: a seller ... delivers the securities ... and, in exchange, that buyer pays his respective seller the aggregate dollar amount of the Expiration Day Settlement Price multiplied by the quantity of the underlying securities delivered.” The invoice amount shall be based upon the final settlement price which is established per normal Exchange settlement procedures. Deliveries shall be facilitated through the CME Clearing House and its designated facilitating agents.

The following Rules shall be added to the Exchange's Rulebook.

CHAPTER 710: PHYSICALLY DELIVERED SINGLE SECURITY FUTURES

71000. SCOPE OF CHAPTER

This chapter is limited in application to contract specifications applied to security futures contracts that require the physical delivery of a single security (a "Physically Delivered Single Security Futures"). Single securities that are eligible for listing per this Chapter 710 include those that meeting the initial listing standards per Exchange Rule 70001 and the maintenance listing standards per Exchange Rule 70002.

71001. FUTURES CALL

71001.A. Trading Unit

Physically Delivered Single Security Futures contracts shall require the delivery of a particular number of shares, as specified per Rule 71004, of common stock; an exchange traded fund ("ETF Share"); a trust issued receipt ("TIR"); a registered closed-end management investment company ("Closed-End Fund Share"); or, American Depository Receipts ("ADR").

71001.B. Price Increments

Physically Delivered Single Security Futures contracts shall be traded in U.S. Dollars with a minimum price increment as determined by the Board of Directors as depicted in Rule 71004.

71001.C. Trading Schedule

Physically Delivered Single Security Futures contracts may be traded during such hours, for delivery in such months as determined by the Board of Directors.

71001.D. Termination of Trading

All trading in a particular Physically Delivered Single Security Futures contract shall terminate at the close of business on the third Friday of the contract month.

71001.E. Position Limits

Position limits shall be applied on Physically Delivered Single Security Futures contracts such that, during the last five trading days of an expiring contract month, a person shall not own or control more than a specified number of contracts net long or net short in the expiring contract month, as depicted in Exchange Rule 71004. Position limits for each Physically Delivered Single Security Futures contract shall be determined on a case-by-case basis at levels no greater than those prescribed by CFTC Regulation §41.25(a)(3).

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71001.F. Price Limits and Trading Halts

There is no daily price limit for Physically Delivered Single Security Futures contracts. Trading of Physically Delivered Single Security Futures shall be halted at all times that a regulatory halt, as defined per SEC Rule 6h-1(a)(3) and CFTC Regulation §41.1(l), has been instituted for the underlying security.

71002. SETTLEMENT PRICE

71002.A. Daily Settlement Price

Except for the last day of trading on an expiring contract, daily settlement prices shall be determined per Rule 813.

71002.B. Final Settlement Price

On the last day of trading for an expiring contract, the Final Settlement Price is determined in accordance with Rule 71002.A. unless the Final Settlement Price is fixed in accordance with Rule 70120.

71003. DELIVERY

Three (3) business days after the last trading day for an expiring contract, the National Securities Clearing Corporation and Depository Trust Corporation will facilitate delivery of, and payment for, the underlying common stock, American Depository Receipts, shares of exchange-traded funds, shares of closed-end management investment companies, or trust issued receipts whereby: a seller (*i.e.*, the holder of a net short position) delivers the securities underlying the contract to a respective buyer (*i.e.*, the holder of a net long position); and, in exchange, that buyer pays his respective seller the aggregate dollar amount of the Expiration Day Settlement Price multiplied by the quantity of the underlying securities delivered.

71004. APPROVED SECURITIES

The following securities have been approved by the Board of Directors as the subject of Physically Delivered Single Security Futures Contracts:

Approved Security	Unit of Trading	Minimum Fluctuation	Position Limit in Expiring Contract in Last 5 Trading Days
Nasdaq-100 Tracking Stock SM ("QQQQ")	200 shares	\$0.01 or \$2.00 per contract	11,250
Standard & Poor's Depository Receipts [®] ("SPDR")	100 shares	\$0.01 or \$1.00 per contract	22,500
iShares Russell 2000 ("IWM")	100 shares	\$0.01 or \$1.00 per contract	13,500

71005. 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 condition 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.

**INTERPRETATIONS & SPECIAL NOTICES
RELATING TO CHAPTER 710**

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