

Chapter 414

Eurozone Harmonized Index of Consumer Prices (HICP) Futures

41400. SCOPE OF CHAPTER

This chapter is limited in application to futures trading in Eurozone Harmonized Index of Consumer Prices excluding tobacco (“HICP”) published by Eurostat, the Statistical Office of the European Commission. The procedures for trading, clearing, delivery, settlement and any other matters not specifically contained herein shall be governed by the rules of the Exchange.

41401. COMMODITY SPECIFICATIONS

Each futures contract shall be valued at €10,000.00 times the Reference HICP Futures Index defined as 100.00 less annual inflation rate in the twelve-month period preceding the contract month based on the Eurozone Harmonized Index of Consumer Prices excluding tobacco (“HICP”) published by Eurostat, the Statistical Office of the European Commission.

41402. FUTURES CALL

41402.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.

41402.B. Trading Unit

The size of the unit of trading shall be the €10,000.00 times the Reference HICP Futures Index defined as 100.00 less annual inflation rate in the twelve-month period preceding the contract month based on the Eurozone Harmonized Index of Consumer Prices excluding tobacco (“HICP”) published by Eurostat, the Statistical Office of the European Commission.

41402.C. Price Increments

Bids and offers shall be quoted in IMM terms of the Reference HICP Futures Index defined as 100.00 less annual inflation rate in the twelve-month period preceding the contract month based on the Eurozone Harmonized Index of Consumer Prices excluding tobacco (“HICP”) published by Eurostat, the Statistical Office of the European Commission. (Twelve-month or year-to-year inflation at the rate of 3.20% per annum shall be quoted as 96.80).

Minimum fluctuations of the futures contract shall be in multiples of 0.01. For each 0.01 increase in the futures contract the Clearing House shall credit (€100.00 per contract) those clearing members holding open long positions and debit (€100.00 per contract) those clearing members holding open short positions.

41402.D. Position Limits

A person shall not own or control more than 5,000 contracts net long or net short in all contract months combined.

41402.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.

41402.F. Exemptions

The foregoing 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 arbitrage positions and intercommodity spread positions subject to Rule 543.

41402.G. Termination of Trading

Futures trading shall terminate at 4:00 p.m. (London time)* on the business day preceding the day of the release of the Eurozone Harmonized Index of Consumer Prices excluding tobacco (“HICP”) by Eurostat, the Statistical Office of the European Commission, in the contract month.

*This is 10:00 a.m. (Chicago time) except when Daylight Savings Time is in effect in either, but not both, London or Chicago.

41402.H. Contract Modifications

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

41402.I. [Reserved]**41403. SETTLEMENT PROCEDURES**

Delivery under the Eurozone Harmonized Index of Consumer Prices excluding tobacco futures contracts shall be by cash settlement.

41403.A. Final Settlement Price

The Final Settlement Price shall be the Reference HICP Futures Index for the contract month, rounded to the nearest 1/10000th of a percentage point. The Reference HICP Futures Index shall be determined by the annual inflation rate in the twelve-month period preceding the contract month based on the Eurozone Harmonized Index of Consumer Prices excluding tobacco ("HICP") published by Eurostat, the Statistical Office of the European Commission.

For example, the Reference HICP Futures Index for the July 2004 contract is computed using the annualized percentage change from the HICP for June 2003 (released in July 2003) to HICP for June 2004 (released in July 2004). The HICP for June 2003 and June 2004 are 112.7 and 115.1 respectively. The Reference HICP Futures Index for the July 2004 contract shall be 100.00 less the following value,

$$[100 * ((115.1 \div 112.7) - 1)] = 2.129547471,$$

rounded to 2.1295. The Reference HICP Futures Index as well as the Final Settlement Price shall be $100.00 - 2.1295 = 97.8705$.

For the purpose of determining the Reference HICP Futures Index and the Final Settlement Price, the HICP data as originally released shall be referenced in the calculations. Subsequent revisions to the HICP data shall not be recognized. For example, the HICP for June 2003 as originally released in July 2003 shall be referenced in the calculation of the Reference HICP Futures Index for the July 2004 contract. Any subsequent revision to the HICP for June 2003 shall not be recognized.

In the event that Eurostat does not publish the HICP during the contract month, the Reference HICP Futures Index and the Final Settlement Price shall be computed using the HICP value calculated based on the last twelve-month change in the HICP available. If the HICP for month M is not reported by the end of the next month, (except for the month of February for which if the HICP for month M is not reported by the first business day following the second Tuesday of March), the Exchange will use the following formula to calculate the index number (assuming the last reported HICP was N months prior to month M):

$$CPI_M = CPI_{M-N} \times \left[\frac{CPI_{M-N}}{CPI_{M-N-12}} \right]^{\frac{N}{12}}$$

Suppose the August 2007 HICP has not been released by the end of the September 2007 contract month. The last released HICP for May 2007 was 120.1; the HICP for May 2006 was 105.0. The HICP for August 2007 shall be

$$120.1 \times \left[\frac{120.1}{105.0} \right]^{\frac{3}{12}} = 124.2028137$$

rounded to 124.2. Such HICP calculations in the case of delays by Eurostat in the release of HICP data beyond the contract month, shall reference only HICP data released by the Eurostat or any other European Commission governmental agency or body. Calculated values shall be referenced

only for the purpose of determining the Reference HICP Futures Index and the Final Settlement Price for contract months for which relevant HICP data have not been released.

In the event that Eurostat changes the base period, the Reference HICP Futures Index and the Final Settlement Price for the all listed contract months shall be determined by referencing the HICP calculated using the old base period. The Reference HICP Futures Index and the Final Settlement Price for all subsequently listed contract months shall be determined by referencing the HICP calculated using the new base period.

41403.B. Final Settlement

Clearing members holding open positions in HICP 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.

41404. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)
(End Chapter 414)