

Chapter 418B

CME Snowfall Index Binary Contract

418B00. SCOPE OF CHAPTER

This chapter is limited in application to trading of binary contracts on the CME Snowfall Index. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

418B01. COMMODITY SPECIFICATIONS

CME Snowfall Index values will be calculated by MDA Information Systems, Inc., using the locations and method described in Chapter 418.

418B02. CONTRACT CALL

418B02.A. Trading Schedule

Binary contracts shall be scheduled for trading during such hours in such months as may be determined by the Board of Directors.

418B02.B. Trading Unit

The unit of trading shall be \$10,000.

418B02.C. Minimum Fluctuations

The price of a binary contract shall be quoted in terms of the respective CME Snowfall index. Each index point represents \$100. For example, a quote of 18.1 index points represents a price of \$1,810. The minimum fluctuation shall be 0.1 index point (also known as one tick), equal to \$10.

418B02.D. [Reserved]

418B02.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Snowfall Index. Eligible exercise prices shall be at intervals of 0.1 index point (e.g., 1.0, 1.1, 1.2, etc.).

At the commencement of trading in a contract, binary contracts shall be listed at intervals of 0.1 index point in a range of 0 to 50 index points. New binary contracts 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.

418B02.F. Position Accountability

A person owning or controlling more than 10,000 binary contracts in any individual contract 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.

418B02.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.

418B02.H. [Reserved]

418B02.I. Termination of Trading

FOR CONTRACTS THROUGH APRIL 2012:

Trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least two calendar days after the futures contract month.

FOR CONTRACTS BEGINNING NOVEMBER 2012:

Trading shall terminate at 9:00 a.m. on the second Exchange business day after the futures contract month.

418B02.J. Contract Modification

Specifications shall be fixed as of the first day of trading of a contract except that all contracts 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 contracts shall be subject to such governmental orders.

418B02.K. [Reserved]

418B03. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CME Snowfall Index binary contracts.

418B03.A. Exercise of Binary Contract by Buyer

A binary contract may be exercised by the buyer on any business day that the contract is traded. Exercise of a binary contract 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.

A binary contract that is in the money (i.e., the respective Snowfall Index is equal to or greater than the exercise price) and has not been liquidated 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 buyer, be exercised automatically.

418B03.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 on the following business day.

The buyer of a binary contract shall receive \$10,000 if the respective Snowfall Index is equal to or greater than the exercise price, and shall receive zero dollars (\$0) otherwise. The seller of a binary contract shall be obligated to pay \$10,000 if the respective Snowfall Index is equal to or greater than the exercise price, and shall be obligated to pay zero dollars (\$0) otherwise.

For example, on March 2, 2009, the Boston Logan February Binary contract would have been settled at 6.2 index points. Therefore, buyers of such binary contracts with exercise prices equal to or less than 6.2 would have received \$10,000 for each such binary contract from the sellers of each such binary contract, and buyers of such binary contracts with exercise prices of 6.3 or greater would have received nothing.

418B03.C. Final Settlement

All binary contracts remaining open at the termination of trading shall be settled using the respective Snowfall Index final value reported by MDA Information Systems, Inc. using the methodology in effect on that date.

Clearing members holding open positions in a Snowfall Index binary contract that is in the money at the 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. All such positions shall be settled at a price of 100 index points, equal to \$10,000, 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.

418B04. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

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

418B05.-06. [RESERVED]

(End Chapter 418B)

**INTERPRETATIONS AND SPECIAL NOTICES
RELATING TO CHAPTER 418B****LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "EarthSat") grants the Exchange the rights to use various data ("Data") in connection with the trading of futures contracts and options on futures contracts based upon such Data. MDA makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the Data in connection with the trading of futures contracts, options on futures contracts or any other use. MDA makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Data. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.