

Special Executive Report

S-4552

March 9, 2007

This Special Executive Report contains the following:

Section	Description	Page
1	CME-Carvill Hurricane Index™ Futures and Options Contracts Begin Trading on Monday, March 12, 2007	1
2	CME-Carvill Hurricane Index Specifications and Rules	2-8
3	Initial CME-Carvill Hurricane Index Futures and Options	8
4	CME-Carvill Hurricane Index Options Strike Prices	9
5	Clearing Fees	9
6	Reportable Position Level	10
7	Performance Bonds	10
8	CME Globex® Error Trade Policy	10
9	Selected Quote Vendors	11

1. CME-CARVILL HURRICANE INDEX FUTURES AND OPTIONS CONTRACTS BEGIN TRADING MONDAY, MARCH 12, 2007

CME will launch CME-Carvill Hurricane Index futures and options contracts on Monday, March 12, 2007. The following contracts will be listed for trading:

- Gulf Coast (Brownsville, TX to AL/FL Border)
- Florida (AL/FL Border to Fernandina Beach, FL)
- Southern Atlantic Coast (Fernandina Beach, FL to NC/VA Border)
- Northern Atlantic Coast (NC/VA Border to Eastport, ME)
- Eastern US (Brownsville, TX to Eastport, ME)

Separate futures contracts will be listed for trading on individual hurricanes and specific locations in terms of numbered events (e.g., first hurricane of the season to make landfall in the Gulf Coast, second hurricane of the season to make landfall in the Gulf Coast, etc.) occurring from June 1 through November 30 of a calendar year. An individual hurricane may be used in contracts for multiple locations (e.g., both Florida and Gulf Coast), depending on its path.

Three events (hurricanes) will be listed at all times for each of the five regions.

CME-Carvill Hurricane Index futures will trade exclusively on the CME Globex electronic trading platform. Options on CME-Carvill Hurricane Index futures will be pit traded.

2. SPECIFICATIONS AND RULES FOR CME-CARVILL HURRICANE INDEX CONTRACTS

CME-Carvill Hurricane Index Futures

Contract Size:	\$1,000 times the respective Carvill Hurricane Index (CHI™)
Quotation:	CHI Index Points
Minimum Price Increment:	0.1 CHI Index Point
Tick Value:	0.1 CHI Index Point = \$100
Price Bands:	1.5 Index points (plus or minus) around “CME Last Price” equating to a maximum exposure of \$1,500 per contract
No Bust Range:	0.50 CHI Index Point = \$500
Contracts Traded:	Expressed in terms of numbered events (e.g., first hurricane to make landfall, second hurricane to make landfall, etc.) for each location
Locations:	<ul style="list-style-type: none"> • Gulf Coast (Brownsville, TX to AL/FL Border) • Florida (AL/FL Border to Fernandina Beach, FL) • Southern Atlantic Coast (Fernandina Beach, FL to NC/VA Border) • Northern Atlantic Coast (NC/VA Border to Eastport, ME) • Eastern US (Brownsville, TX to Eastport, ME)
Termination of Trading:	Trading shall terminate at 9:00 a.m. Chicago time on the first Exchange business day that is at least two calendar days following landfall of an individual hurricane at a specific location, but in no event shall trading terminate prior to the first Exchange business day that is at least two calendar days following the beginning of the hurricane season on June 1. If a particular numbered event fails to occur, trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least two calendar days following the end of the hurricane season on November 30.
Settlement:	All futures contracts remaining open at the termination of trading shall be settled using the respective CHI final value reported by Carvill America for that numbered event.
Position Limits:	Position accountability for positions exceeding 10,000 contracts in any contract month.
Electronic Trading Hours:	5:00 P.M. to 3:15 P.M. the following day (9:00 A.M. on LTD)

Options on CME-Carvill Hurricane Index Futures

Contract Size:	\$1,000 times the respective Carvill Hurricane Index (CHI)
Quotation:	CHI Index Points
Minimum Price Increment:	0.1 CHI Index Point
Tick Value:	0.1 CHI Index Point = \$100
Contracts Traded:	Expressed in terms of numbered events (e.g., first hurricane to make landfall, second hurricane to make landfall, etc.) for each location
Locations:	<ul style="list-style-type: none"> • Gulf Coast (Brownsville, TX to AL/FL Border) • Florida (AL/FL Border to Fernandina Beach, FL) • Southern Atlantic Coast (Fernandina Beach, FL to NC/VA Border) • Northern Atlantic Coast (NC/VA Border to Eastport, ME) • Eastern US (Brownsville, TX to Eastport, ME)
Termination of Trading:	Same date and time as underlying futures
Strike Price Interval:	1 Index Point (e.g. 10, 11, 12, etc.)
Exercise:	American Style (Exercised any time up to and including LTD)
Position Limits:	Position accountability for positions exceeding 10,000 futures-equivalent contracts net on the same side of the market in any contract month.
Trading Hours:	8:30 A.M. to 3:15 P.M.

The text of the contract rules for CME-Carvill Hurricane Index futures and options is as follows:

CHAPTER 423
CME-Carvill Hurricane Index Futures

42300. SCOPE OF CHAPTER

This chapter is limited in application to futures trading on the CME-Carvill Hurricane 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.

42301. COMMODITY SPECIFICATIONS

CHI values will be calculated by Carvill America, using the methods described in the "Carvill Hurricane Index: Scope and Definitions" document, for hurricanes making landfall in the following locations:

- Gulf Coast (Brownsville, TX to AL/FL Border)
- Florida (AL/FL Border to Fernandina Beach, FL)
- Southern Atlantic Coast (Fernandina Beach, FL to NC/VA Border)
- Northern Atlantic Coast (NC/VA Border to Eastport, ME)
- Eastern US (Brownsville, TX to Eastport, ME)

Separate futures contracts will be listed for trading on individual hurricanes and specific locations in terms of numbered events (e.g., first hurricane of the season to make landfall in the Gulf Coast, second hurricane of the season to make landfall in the Gulf Coast, etc.) occurring from June 1 through November 30 of a calendar year. An individual hurricane may be used in contracts for multiple locations (e.g., both Florida and Gulf Coast), depending on its path.

42302. FUTURES CALL

42302.A. Trading Schedule

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

42302.B. Size of Trading Unit

The size of the unit of trading shall be \$1,000 times the respective CHI.

42302.C. Price Increments

The minimum price fluctuation on the respective CHI futures shall be 0.1 index point, and have a value of \$100.

42302.D. Position Accountability

A person owning or controlling more than 10,000 contracts net long or net short in any contract month 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. For positions involving options on the respective CME-Carvill Hurricane Index futures, this rule is superseded by the option position accountability rule.

42302.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.

42302.F. [RESERVED]

42302.G. Termination of Trading

Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least two calendar days following landfall of an individual hurricane at a specific location, but in no event shall trading terminate prior to the first Exchange business day that is at least two calendar days following the beginning of the hurricane season on June 1. If a particular numbered event fails to occur (e.g., there is no third hurricane of the season that makes landfall in the Gulf Coast), trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least two calendar days following the end of the hurricane season on November 30.

42302.H. 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 final settlement. If any U.S. governmental agency or body with jurisdiction over the trading of the contract or with jurisdiction respecting the trading or final settlement of the CHI futures 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 governmental orders.

42302.I [Reserved]

42303. SETTLEMENT PROCEDURES

42303.A. Final Settlement Price

All futures contracts remaining open at the termination of trading shall be settled using the respective CHI final value reported by Carvill America for that numbered event, using the methodology in effect on that date and the NHC data from the Public Advisory immediately preceding landfall. For example, on September 2, 2005, the contract on the first hurricane to make landfall in the Gulf Coast would have been settled at 19.0 CHI index points, using data from NHC's Hurricane Katrina Advisory Number 26A.

42303.B. Final Settlement

Clearing members holding open positions in a CHI futures contract 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 based on a settlement price equal to the final settlement price.

42304. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

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

42305. - 06. [RESERVED]

(End Chapter 423)

**INTERPRETATIONS AND SPECIAL NOTICES
RELATING TO CHAPTER 423**

LIMITATION OF LIABILITY AND DISCLAIMER

Carvill America grants the Exchange the rights to use the Carvill Hurricane Index (CHI) in connection with the trading of futures contracts and options on futures contracts based upon such CHI. Carvill America 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. Carvill America 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 CHI. Without limiting any of the foregoing, in no event shall Carvill

America have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

Chapter 423A
Options on CME-Carvill
Hurricane Index Futures

423A00.SCOPE OF CHAPTER

This chapter is limited in application to trading in put and call options on CME-Carvill Hurricane Index (CHI™) futures contracts. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

423A01.OPTION CHARACTERISTICS

423A01.A. Contract Months and Trading Hours

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

423A01.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 respective CHI futures contract as specified in Chapter 423.

423A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CHI. Each index point represents \$1,000. For example, a quote of 2 index points represents \$2,000. The minimum fluctuation shall be 0.1 CHI (also known as one tick), equal to \$100.

423A01.D. [Reserved]

423A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CHI futures contract. Eligible exercise prices shall be at intervals of 1 index point (e.g., 10, 11, 12, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 1 to 30 index points. 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.

423A01.F. Position Accountability

A person owning or controlling a combination of options and underlying futures contracts that exceeds 10,000 futures-equivalent contracts net on the same side of the market 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.

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.

423A01.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.

423A01.H. [RESERVED]

423A01.I. Termination of Trading

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

423A01.J. Contract Modifications

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.

423A02.EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CHI options.

423A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer on any business day 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 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.

423A02.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.

423A03.ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

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

(End Chapter 423A)

**INTERPRETATIONS AND SPECIAL NOTICES
RELATING TO CHAPTER 423A**

CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE

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

Please note that the non-agricultural option speculative position limit rule, in effect at this time, 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 options rule.

LIMITATION OF LIABILITY AND DISCLAIMER

Carvill America grants the Exchange the rights to use the Carvill Hurricane Index (CHI) in connection with the trading of futures contracts and options on futures contracts based upon such CHI. Carvill America 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. Carvill America 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 CHI. Without limiting any of the foregoing, in no event shall Carvill America have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

If you have any questions about these rules, please contact Charles Piszczor, Associate Director, Commodity Product Development, at (312) 930-4536.

3. INITIAL CONTRACTS FOR CME-CARVILL HURRICANE INDEX FUTURES AND OPTIONS TRADING

The Exchange will list for trading the following CME-Carvill Hurricane Index futures:

- Gulf Coast (Brownsville, TX to AL/FL Border)
 - First Hurricane to make landfall (HG1)
 - Second Hurricane to make landfall (HG2)
 - Third Hurricane to make landfall (HG3)
- Florida (AL/FL Border to Fernandina Beach, FL)
 - First Hurricane to make landfall (HF1)
 - Second Hurricane to make landfall (HF2)
 - Third Hurricane to make landfall (HF3)
- Southern Atlantic Coast (Fernandina Beach, FL to NC/VA Border)
 - First Hurricane to make landfall (HS1)
 - Second Hurricane to make landfall (HS2)
 - Third Hurricane to make landfall (HS3)
- Northern Atlantic Coast (NC/VA Border to Eastport, ME)
 - First Hurricane to make landfall (HN1)
 - Second Hurricane to make landfall (HN2)
 - Third Hurricane to make landfall (HN3)
- Eastern US (Brownsville, TX to Eastport, ME)
 - First Hurricane to make landfall (HX1)
 - Second Hurricane to make landfall (HX2)
 - Third Hurricane to make landfall (HX3)

Separate futures contracts will be listed for trading on individual hurricanes and specific locations in terms of numbered events (e.g., first hurricane of the season to make landfall in the

Gulf Coast, second hurricane of the season to make landfall in the Gulf Coast, etc.) occurring from June 1 through November 30 of a calendar year. An individual hurricane may be used in contracts for multiple locations (e.g., both Florida and Gulf Coast), depending on its path.

Three events (hurricanes) will be listed at all times for each of the five regions.

A new event (hurricane) will be listed on the business day following termination of trading of an event (when a hurricane makes landfall).

If you have any questions about these procedures, please contact Charles Piszczor, Associate Director, Commodity Product Development, at (312) 930-4536.

4. INITIAL CME-CARVILL HURRICANE INDEX OPTIONS STRIKE PRICES

Exercise prices shall be stated in terms of the CME-Carvill Hurricane Index futures contract. Eligible exercise prices shall be at intervals of 1 index point (e.g., 10, 11, 12 etc.). The eligible put and call options are at intervals of 1 index point in a range from 1 through 30.

If you have any questions about strike price listings, please contact Charles Piszczor, Associate Director, Commodity Product Development, at (312) 930-4536.

5. CLEARING & CME GLOBEX FEES FOR CME-CARVILL HURRICANE INDEX FUTURES AND OPTIONS

Account	Clearing Fees (per side)	CME Globex Fees (per side)
Equity/Clearing Member	\$0.02	\$0.125
106.I Members and their 100% owned subsidiaries	\$0.02	\$0.125
Rule 106.D Lessees/ Rule 106.F Employees	\$0.07	\$0.125
106 H/N Firms	\$0.12	\$0.125
Customers of Member Firms	\$0.16	\$0.375
Block Trade Surcharge		\$0.44

CME-Carvill Hurricane Index futures are eligible for inclusion in the New Product Access Program. CME-Carvill Hurricane Index futures and options contracts will be assigned to the IOM division, and the fee schedule used for CME Weather products will apply.

If you have any questions regarding clearing fees, please contact Julie Balzarini, Accounting, at (312) 648-5470.

6. REPORTABLE POSITION LEVELS FOR CME-CARVILL HURRICANE INDEX FUTURES AND OPTIONS

For purposes of Rule 817. - REPORTS OF LARGE POSITIONS, the minimum levels at which positions must be reported to the Exchange are as follows for CME-Carvill Hurricane Index futures and options:

<u>COMMODITY</u>	<u>REPORTABLE LEVEL</u>
CME-Carvill Hurricane Index Futures	25 contracts
CME-Carvill Hurricane Index Options	25 contracts

If you have any questions about these levels, please contact Paula Evans, Market Surveillance, at (312) 930-3085.

7. PERFORMANCE BONDS FOR THE CME-CARVILL HURRICANE INDEX FUTURES

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

8. CME GLOBEX ERROR TRADE POLICY

The CME Globex error trade policy for all CME-Carvill Hurricane Index calls for a no bust range of .50 index points or less.

If you have any questions, please contact John Restivo, Director, CME Globex Control Center (GCC), at (312) 648-5475.

9. SELECTED QUOTE VENDORS

Vendor Name	System Name	CME CHI Gulf Coast Futures & Options	CME CHI Florida Futures & Options	CME Southern Atlantic Coast Futures & Options	CME CHI Northern Atlantic Coast Futures & Options	CME CHI Eastern US Futures & Options	Cash Index
		HG1-HG9, HG0 (1st-10th event)	HF1-HF9, HF0 (1st-10th event)	HS1-HS9, HS0 (1st-10th event)	HN1-HN9, HN0 (1st-10th event)	HX1-HX9, HX0 (1st-10th event)	(1st-10th event)
Bloomberg	Bloomberg	HGC	HFL	HSA	HNA	HES	HXY
Data Transmission Network		@HG	@HF	@HA	@HN	@HX	
E-Signal	eSignal	HG1-HG9, HG0	HF1-HF9, HF0	HS1-HS9, HS0	HN1-HN9, HN0	HX1-HX9, HX0	
Futuresource	Futures Source	N/A	N/A	N/A	N/A	N/A	
Reuters	IDN (ETH)	Fut: <0#HG1:> - <0#HG9:> Opt: <0#HG1+> - <0#HG9+>	Fut: <0#HF1:> - <0#HF9:> Opt: <0#HF1+> - <0#HF9+>	Fut: <0#HS1:> - <0#HS9:> Opt: <0#HS1+> - <0#HS9+>	Fut: <0#HN1:> - <0#HN9:> Opt: <0#HN1+> - <0#HN9+>	Fut: <0#HX1:> - <0#HX9:> Opt: <0#HX1+> - <0#HX9+>	
Track Data	MX	N/A	N/A	N/A	N/A	N/A	HXY'A
TradeStation		Fut: HG1-HG9, HG0 Opt: HG1.P-HG9.P, HG0.P	Fut: HF1-HF9, HF0 Opt: HF1.P-HF9.P, HF0.P	Fut: HS1-HS9, HS0 Opt: HS1.P-HS9.P, HS0.P	Fut: HN1-HN9, HN0 Opt: HN1.P-HN9.P, HN0.P	Fut: HX1-HX9, HX0 Opt: HX1.P-HX9.P, HX0.P	

If you have any questions, please contact Laura Sutor, Market Data Analyst, Market Data Operations, at (312) 648-5480.