

Special Executive Report

S-4724

Friday 13, 2008

STRIKE RANGE INCREASE **FOR OPTIONS ON CME MILK AND MIDSIZE MILK FUTURES CONTRACTS**

The strike range for Class III Milk and Midsize Milk option contracts will increase from \$4.00 to \$6.00.

These changes will become effective on Monday, June 16, 2008.

The amendments are as follows, with additions underlined and deletions bracketed and overstruck.

Chapter 52A **Options on Milk Futures**

(Prior Rule Language Unchanged)

52A01.E. Exercise Prices

The exercise prices shall be stated in terms of dollars per cwt. For all contract months, exercise prices shall be at intervals of \$.25; e.g., \$11.75, \$12.00, \$12.25, etc.

At the commencement of option trading in a contract month, the Exchange shall list put and call options in a range of [~~\$4~~] \$6 above and below the previous day's settlement price of the underlying futures contract.

When a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through an exercise price, the Exchange shall list on the next trading day put and call option contracts at the next higher (or next lower) exercise price within a [~~\$4~~] \$6 range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

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.

(Remainder of Rule Language Unchanged)

Chapter 52B Midsize Options on Milk Futures

(Prior Rule Language Unchanged)

52B01.E. Exercise Prices

The exercise prices shall be stated in terms of dollars per cwt. For all contract months, exercise prices shall be at intervals of \$.25; e.g., \$11.75, \$12.00, \$12.25, etc.

At the commencement of option trading in a contract month, the Exchange shall list put options in a range of [~~\$4~~] \$6 above and below the previous day's settlement price of the underlying futures contract.

When a sale, bid, offer or settlement price in the underlying futures contract occurs at, or passes through, an exercise price, the Exchange shall list on the next trading day put and call option contracts at the next higher (or next lower) exercise price within a [~~\$4~~] \$6 range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer or settlement price occurred. 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.

(Remainder of Rule Language Unchanged)

If you have any questions, please contact Charles Piszczor, Associate Director, Commodity Research, Executive Division, at (312) 930-4536, or Paul Peterson, Director, Commodity Research, Executive Division, at (312) 930-4587.

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