

Special Executive Report

S-4760

September 8, 2008

CME Group to Launch 3-Month OIS futures **On Sunday, September 7, 2008**

CME Group shall list 3-Month OIS futures contract which tracks the overnight effective Federal Funds rate, a major benchmark of the U.S. short-term interest rate market, and will provide a complement to the 30-Day Fed Funds and Eurodollar futures contracts. While the Fed Funds futures contract reflects the *average* of the Fed Funds rate over the course of a calendar month, the 3-Month OIS futures contract reflects the *compounded* Fed Funds rate over a 3-month period that is identical to the interbank deposit tenor for the corresponding 3-Month Eurodollar futures contract.

The Exchange intends to offer the 3-Month OIS futures contract both on the CME Globex[®] electronic trading platform (OSS) and on the CME Group trading floor in Chicago (OSP). The contract shall be an IMM product and will trade inside the Eurodollar futures trading pit. This product is part of the Expanded Access Program (EAP) which allows CBOT Full members to enter the Eurodollar futures pit for trading of OIS futures contracts only. A separate EAP badge must be obtained from CME Group's membership department for all CBOT Full members who wish to trade the product in the Eurodollar futures pit. CBOT Full members will not be allowed to execute inter commodity spreads between the OIS futures and Eurodollar futures contracts.

The OIS futures contract will have the same fee structure currently in place for Eurodollar futures. The EAP program also makes CBOT AM and IDEM members eligible for member rates for electronically traded OIS future contracts. Trading of OIS/Fed Fund spreads will only be allowed within the Fed Fund futures trading pit. CBOT AM or IDEM members who execute an OIS contract as part of a Fed Fund spread on the Chicago trading floor are also entitled for member rates.

Block trading for OIS futures will be available with a minimum trading requirement of 2,000 sides during RTH and 1,000 after hours. The minimum quantity for an OIS/Eurodollar block trade equals the leg with the larger minimum quantity. For purposes of compliance with the minimum trade quantity requirements one may aggregate all of the legs of the spread combination. Block fees will be waived through the end of 2008.

3-Month OIS Futures Contract Specifications

Contract Size	\$1,000,000
Reference Quarter	First Day: 3rd Wednesday of the month that is 3 whole months before the contract's named expiry month. Last Day: The day immediately preceding the day that follows the First Day by 3 calendar months.
Price Quote	100 minus R where R is the realized interest rate during the Reference Quarter, with daily compounding of the effective overnight federal funds rate: $R = [\prod_i \{ 1 + (d_i/360) * (r_i/100) \} - 1] \times (360/D) \times 100$
Tick Size	Contracts with 4 months or less to expiry: USD 6.25 per ¼ point All other expiries: USD 12.5 per ½ point
Listed Expiry Months	First eight months in the March quarterly cycle (i.e., White and Red expiry years)
Last Trading Day	Last Day of Reference Quarter. Trading in expiring contracts ceases at 4 p.m. Chicago time on Last Trading Day.
Final Settlement	Cash settlement on the first business day following the Last Day of Reference Quarter. Final settlement price is rounded to nearest one-tenth (1/10) of one basis point.
Trading Hours	Open Outcry: 7:20 a.m. - 2:00 p.m., CT, Monday - Friday CME Globex Electronic Markets: 5:00 pm - 4:00 pm, CT, Sunday – Friday
Ticker Symbols	Open Outcry: OSP CME Globex: OSS

2. Rules Governing 3-Month OIS Futures

XXX00. SCOPE OF CHAPTER

This chapter is limited in application to trading in 3-Month OIS futures. The procedures for trading, clearing, delivery, settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

XXX01. COMMODITY SPECIFICATIONS

Each futures contract shall be for an interbank deposit having a principal value of \$1,000,000 and paying interest at a rate equal to the compounded daily effective federal funds rate during the contract's Reference Quarter (XXX03.A.1.).

XXX02. FUTURES CALL

XXX02.A. Trading Schedule

Futures contracts shall be scheduled for trading during such hours, and for expiration in such months, as may be determined by the Exchange.

XXX02.B. Trading Unit

The Trading Unit shall be a US domestic interbank deposit in the amount of \$1,000,000 that pays interest at a rate equal to the compounded daily effective federal funds rate during the contract's Reference Quarter (XXX03.A.1.). The daily effective federal funds rate shall be as computed by the Federal Reserve Bank of New York (hereafter, "FRBNY").

XXX02.C. Price Increments

Bids and offers shall be quoted in terms of the IMM Index: 100.0000 minus the compounded daily effective federal funds rate during the contract's Reference Quarter (XXX03.A.1.), on an annual basis for a 360-day year.

Example: A compounded daily effective federal funds rate equal to 6.5025 percent shall be quoted as 93.4975.

1. Contracts with Four Months or Less until Expiry

For contracts with four months or less until expiry, minimum fluctuations of the IMM Index shall be in multiples of 0.0025 (\$6.25). For each 0.0025 increase in the Index, the Clearing House shall credit \$6.25 per contract to those clearing members holding open long positions, and shall debit \$6.25 per contract from those clearing members holding open short positions. For each 0.0025 decrease in the Index, the Clearing House shall debit \$6.25 per contract from those clearing members holding open long positions, and shall credit \$6.25 per contract to those clearing members holding open short positions.

For any given contract, the applicable four-month interval shall be defined so as to begin on, and to include, the Monday before the third Wednesday of the month that precedes the contract's named month of expiry by four months. If this is not an Exchange business day, then the applicable four-month interval shall begin on the following Exchange business day.

2. Contracts with More than Four Months until Expiry

For contracts with more than four months until expiry, minimum fluctuations of the IMM Index shall be in multiples of 0.005 (\$12.50). For each 0.005 increase in the Index, the Clearing House shall credit \$12.50 per contract to those clearing members holding open long positions, and shall debit \$12.50 per contract

from those clearing members holding open short positions. For each 0.005 decrease in the Index, the Clearing House shall debit \$12.50 per contract from those clearing members holding open long positions, and shall credit \$12.50 per contract to those clearing members holding open short positions.

For any given contract, the applicable four-month interval shall be as defined in XXX02.C.1.

XXX02.D. Position Accountability

A person owning or controlling more than 10,000 contracts net long or net short in all contract months combined 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.

In addition, the Exchange may require, at its discretion, that such position not be further increased.

XXX02.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.

XXX02.F. [Reserved]

XXX02.G. Termination of Trading

The Last Day of Trading in an expiring contract shall be the Last Day of the contract's Reference Quarter (XXX03.A.1.) or, if this is not an Exchange business day, the Exchange business day immediately preceding the Last Day of the contract's Reference Quarter. Trading in an expiring contract shall terminate at 4:00 pm Chicago time on the Last Day of Trading.

XXX02.H. Contract Modification

Specifications shall be fixed as of the first day of trading in a contract, except that all deliveries on a contract must conform to government regulations in force at the time of delivery. If any U.S. government agency or body issues an order, ruling, directive, or law that conflicts with the requirements of these rules, then such order, ruling, directive, or law shall be construed to take precedence and shall become part of these rules, and all open and new contracts shall be subject to such government orders.

XXX02.I. Price Limits and/or Trading Hours

There shall be no trading of 3-Month OIS futures contracts during Electronic Trading Hours (ETH) at a price more than 2.0000 IMM Index points above or below the Reference RTH price.

XXX03. SETTLEMENT PROCEDURES

Delivery on 3-Month OIS futures contracts shall be made by cash settlement.

XXX03.A. Final Settlement Price

1. Definition of Reference Quarter

For any given contract, the Reference Quarter shall be the interval for which the First Day is the third Wednesday of the calendar month that precedes the contract's named expiration month by three whole months, and for which the Last Day is the day immediately preceding the day that follows the First Day by three calendar months. The Reference Quarter shall comprise both its First Day and its Last Day.

Example: For a hypothetical 3-Month OIS futures contract expiring in June 2011, the First Day of the contract's Reference Quarter is the third Wednesday of March 2011, or 16 March 2011.

Accordingly, the Last Day of the contract's Reference Quarter is the day immediately preceding 16 June 2011, or Wednesday, 15 June 2011.

2. Definition of Final Settlement Price

For any given contract, the Final Settlement Price shall equal 100 minus the compounded daily effective federal funds rate during the contract's Reference Quarter:

$$\text{Final Settlement Price} = 100 - R$$

where

$$R = [\prod_{i=1 \dots n} \{1 + (d_i/360) * (r_i/100)\} - 1] \times (360/D) \times 100$$

n = the number of FRBNY business days during the Reference Quarter.

i = is the running index that identifies each FRBNY business day during the Reference Quarter, such that i takes the values $i = 1, 2, \dots, (n-1), n$.

$\prod_{i=1 \dots n}$ denotes the product of the values identified by the running index, $i = 1, 2, \dots, n$.

r_i = the effective federal funds rate applicable to a US domestic interbank overnight deposit for which the i^{th} FRBNY business day is the value date. r_i is expressed in percent terms.

Example: If the interest rate applicable to the i^{th} FRBNY business day is five and one quarter percent, then $r_i = 5.25$.

d_i = the number of calendar days to which r_i applies. For any calendar day that is not a FRBNY business day (eg, weekend days, FRBNY holidays), the applicable value shall be the effective federal funds rate for the previous FRBNY business day.

Examples: If Day i is a Monday, a Tuesday, a Wednesday, or a Thursday, and if the next calendar day is a FRBNY business day, then $d_i = 1$. If Day i is a Friday, and if the following Monday is a FRBNY business day, then $d_i = 3$.

D = the number of calendar days in the Reference Quarter. D is also the sum of the d_i . That is, $D = \sum_{i=1 \dots n} d_i$.

3. Computational Conventions

The value of R shall be rounded to the nearest $1/1,000^{\text{th}}$ of a percentage point, ie, the nearest $1/10^{\text{th}}$ of one basis point (0.001). In the case of a tie, ie, a decimal fraction ending with 0.0005, the value of R shall be rounded up.

For any expiring contract, the Final Settlement Price shall be calculated when the effective federal funds rate that is applicable to the Last Day of the contract's Reference Quarter has been published. (Customarily, this will occur on the FRBNY business day immediately following the Last Day of the contract's Reference Quarter.)

XXX03.B. Final Settlement

Clearing members holding open positions in expiring contracts at the termination of trading shall make payment to, or shall 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.

XXX03.C. - I. [Reserved] XXX04. - .05. [RESERVED]

XXX06. ACTS OF GOVERNMENT, ACTS OF GOD, AND OTHER EMERGENCIES

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

(End Chapter XXX)

3. 3-Month OIS Future Vendor Codes

Vendor Name	System Name	Globex	Trading Floor
CME Code	Globex	OSS	OSP
Barchart		FD	FD
Bloomberg	Bloomberg	FLA	FLA
CQG Inc.	CQG for Windows	OSS	OSP
Data Transmission Network (DTN)		@OSS	OSP
E-Signal	eSignal	OSS	OSP
Thomson/Reuters	ILX Workstation	<0#OSS:>	<0#2OSP:>
Reuters	IDN (ETH)	0#OSS:	0#2OSP:
- Bridge	BIS	us@OSS.1	us@OSP.1
Townsend		/OSSmy	/OSPmy
Track Data	MX	OSS'	OSP'
TradeStation		OSS	OSP.P