

## Chapter 441B CME Rainfall Index Binary Contract

### 441B00. SCOPE OF CHAPTER

This chapter is limited in application to binary contracts on the CME Rainfall Index. In addition to this chapter, binary contracts on the CME Rainfall Index shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.

### 441B01. CONTRACT SPECIFICATIONS

CME Rainfall Index values will be calculated by MDA Information Systems, Inc., using the locations and method described in Chapter 441.

### 441B02. CALL OPTIONS CHARACTERISTICS

#### 441B02.A. Trading Schedule

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

#### 441B02.B. Trading Unit

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

#### 441B02.C. Minimum Fluctuations

The price of a binary contract shall be quoted in terms of the respective CME Rainfall 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.

#### 441B02.D. [Reserved]

#### 441B02.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Rainfall 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 20 index points. New binary contracts may be listed for trading up to and including the termination of trading.

The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

#### 441B02.F. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

#### 441B02.G. [Reserved]

#### 441B02.H. [Reserved]

#### 441B02.I. Termination of Trading

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

#### 441B02.J. [Reserved]

#### 441B02.K. [Reserved]

### 441B03. EXERCISE AND ASSIGNMENT

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

**441B03.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 CME Rainfall 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.

**441B03.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 CME Rainfall 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 CME Rainfall Index is equal to or greater than the exercise price, and shall be obligated to pay zero dollars (\$0) otherwise.

For example, on May 4, 2009, the Raleigh/Durham April 2009 binary contract would have been settled at 1.69 index points. Therefore, buyers of such binary contracts with exercise prices equal to or less than 1.6 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 1.7 or greater would have received nothing.

**441B03.C. Final Settlement**

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

Clearing members holding open positions in a CME Rainfall 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.

**441B04. [RESERVED]****441B05.-06. [RESERVED]**

(End Chapter 441B)

**INTERPRETATIONS AND SPECIAL NOTICES  
RELATING TO CHAPTER 441B****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.