

Hedgeable Dow Jones CME FX\$INDEX™ Futures to Begin Trading on Sunday, July 25, 2010, for the Trade Date of Monday, July 26, 2010

Effective for the CME Globex® market opening at 5:00 PM on Sunday, July 25, 2010, for the trade date of Monday, July 26, 2010, Chicago Mercantile Exchange Inc. will launch trading in a reconfigured Dow Jones CME FX\$INDEX™ futures contract. This reconfigured contract replaces the former CME\$INDEX™ futures contract which was delisted on Thursday, April 1, 2010. The appeal of the new index design is in its simplified construction that facilitates a ready hedge vs. a basket of CME FX futures contracts. The contracts will be listed with CME and subject to its rules.

Why a Dow Jones CME FX\$INDEX? - While other major currencies have made inroads over recent decades, the U.S. dollar (USD) remains the currency of choice for more international financial transactions than any other currency. A recent survey from the Bank for International Settlements (BIS) suggests that 43.96% of all FX derivatives include USD on one side or the other. This compares favorably to 19.83% in Euros (EUR), 8.48% in Japanese yen (JPY), 6.74% in Pounds sterling (GBP), 3.13% in Swiss francs (CHF), 2.07% in Canadian dollars (CAD) and 1.53% in Australian dollars (AUD). Because of its generalized usage vs. other major currencies, it is logical that a number of indexes that represent the performance of the U.S. dollar vs. a basket of other major currencies might be developed. These indexes have been constructed by the Board of Governors of the Federal Reserve, commercial banks, other exchanges and CME. CME has partnered with Dow Jones, world class developer of indexes, to construct the new currency index.

Dow Jones CME FX\$INDEX Futures Contracts - Futures contracts have been based on underlying “dollar indexes” at CME and elsewhere. The weightings in such indexes are often based on factors such as competitiveness of U.S. goods on foreign markets and data sourced from the Board of Governors of the Federal Reserve. But prior contract designs presented difficulties for market makers, insofar as they must be hedged dynamically with odd numbers of futures contracts to balance or lay off risks.

Weights - The “hedgeable” Dow Jones CME FX\$INDEX is weighted to reflect general global economic use of the component currencies. However, unlike prior currency indexes, the weightings are refined so that market makers or arbitrageurs in Dow Jones CME FX\$INDEX futures may more precisely hedge risk vs. a basket of liquid CME Group FX futures. Specifically, 10 Dow Jones CME FX\$INDEX futures reflects a basket of 4 Euro FX, 2 Japanese yen, 2 British pound, 1 Swiss franc, 1 Canadian dollar and 1 Australian dollar futures contracts. The Dow Jones CME FX\$INDEX is calculated as the basket value divided by \$10,000.

Calculation, Weighting & Delivery of Theoretical Dow Jones CME FX\$INDEX Future

Component Futures Contract	(1) Contract Size	(2) Price	Contract \$ Value	(3) No. Cnts	(1)x(2)x(3) Weight (\$)	Weight (%)	Physical Delivery Illustration	
							Buyer's Payment	Seller's Payment
EUR/USD	125,000 EUR	1.3595	\$169,938	4	\$679,750	47.0%	\$67,975.00	50,000 EUR
JPY/USD	12,500,000 JPY	0.010901	\$136,263	2	\$272,525	18.8%	\$27,252.50	2,500,000 JPY
GBP/USD	62,500 GBP	1.5463	\$96,644	2	\$193,288	13.4%	\$19,328.75	12,500 GBP
CHF/USD	125,000 CHF	0.9283	\$116,038	1	\$116,038	8.0%	\$11,603.75	12,500 CHF
CAD/USD	100,000 CAD	0.9611	\$96,110	1	\$96,110	6.6%	\$9,611.00	10,000 CAD
AUD/USD	100,000 AUD	0.8962	\$89,620	1	\$89,620	6.2%	\$8,962.00	10,000 AUD
Basket Value					\$1,447,330		\$144,733.00	

$$\text{Dow Jones CME FX\$INDEX} = \text{Basket Value} \div \$10,000 = \$1,447,330 \div \$10,000 = 144.7330$$

Physical Delivery – The “hedgeable” Dow Jones CME FX\$INDEX futures contract at termination results in physical delivery of 50,000 Euros, 2,500,000 Japanese yen, 12,500 British pounds, 12,500 Swiss francs, 10,000 Canadian dollars, and 10,000 Australian dollars. CME Operations staff will use the settlement prices at the time of termination of the underlying FX futures contracts as inputs for determining the Special Quotation of the Dow Jones CME FX\$INDEX futures at its termination. Both the Dow Jones CME FX\$INDEX futures and underlying FX futures contracts terminate trading at 9:16 AM Central Time (CT) on the second business day preceding the third Wednesday of the contract month (usually Monday). The exception is the Canadian dollar futures contract, which terminates trading on the next business day (usually Tuesday). Just like the delisted, physically-delivered CME\$INDEX futures, the new Dow Jones CME FX\$INDEX futures will utilize a synthetic 1-day forward CAD/USD price on the last day of trading to determine the final settlement price of the Dow Jones CME FX\$INDEX futures at termination and invoice physical deliveries for the third Wednesday (standard IMM FX futures delivery date) of the contract month.

As the new contract gains market traction, potential market makers have noted that for them to scale up their Dow Jones CME FX\$INDEX futures positions vis-à-vis the underlying FX futures positions layoffs, they need the Dow Jones CME FX\$INDEX futures to be physically deliverable and offsetting to the extent possible with the underlying physical delivery FX futures. This provides institutional traders, hedgers and market participants with a more precise hedge than with previous U.S. dollar-based indexes by matching 10 Dow Jones CME FX\$INDEX futures vs. 4 Euro FX, 2 Japanese yen, 2 British pound, 1 Swiss franc, 1 Canadian dollar and 1 Australian dollar futures contracts.

Thus, this construction allows traders in the “hedgeable” Dow Jones CME FX\$INDEX futures to leverage and build upon the liquidity associated with current CME futures on major currencies. A summary of contract details follows:

“Hedgeable” Dow Jones CME FX\$INDEX Futures

Contract Size	\$1,000 x Dow Jones CME FX\$INDEX™, e.g., if Dow Jones CME FX\$INDEX = 144.73 then futures contract value = \$144,730 (= \$1,000 x 144.73)
Tick Size	0.01 index points (\$10.00) for outrights; 0.005 index points (\$5.00) for calendar spreads
Index Construction	Dow Jones CME FX\$INDEX = value of 4 Euro FX + 2 Japanese yen + 2 British pound + 1 Swiss franc + 1 Canadian dollar + 1 Australian dollar futures contracts; divided by \$10,000
Trade Ends @	9:16 am (CT) on 2 nd business day preceding 3 rd Wednesday of contract month
Physical Delivery	Physical delivery of 50,000 Euros; 2,500,000 Japanese yen; 12,500 British pounds; 12,500 Swiss francs; 10,000 Canadian dollars; and, 10,000 Australian dollars on 3 rd Wednesday. U.S. dollar delivery invoices based on final settlement of standard CME FX futures, with exception of Canadian dollar where a special 9:16 value is utilized noting that Canadian dollar terminates a day later. Dow Jones CME FX\$INDEX futures final settlement rounded to 4 decimal places.
Trading Hours	Sundays through Fridays: 5:00 p.m.-4:00 p.m. Central time (CT) the next day. On Friday CME Globex® platform closes at 4:00 p.m. and reopens Sunday at 5:00 p.m. CT.
Months	Six months in the March, June, September and December quarterly cycle
Position Accountability	Positions > 6,000 contracts net long or short, in all contract months combined must provide, in a timely fashion upon request by CME, information regarding the position
Maximum Price Fluctuation	No price limits. However, price banding* on CME Globex is in effect at ±0.60 for outrights (60 ticks), ±0.05 for calendar spreads (5 ticks)
CME Globex No Bust Range	40 ticks
Ticker Symbol (C21, PRS, ITC)	FXD

*For CME Globex trading, automated price banding prevents execution of orders at prices falling outside of the last sale, best bid or best offer and ±the price band. Price banding prevents the entry of limit orders more than a pre-determined amount above the last price in the case of bids and more than the same pre-determined amount below the last price in the case of offers. The band “shadows” the last foreign exchange futures price as it reacts to new transaction prices, higher bids and lower offers.

Relationship to USD – The Dow Jones CME FX\$INDEX is quoted in U.S. dollars per foreign unit. Thus, as foreign currencies versus the U.S. dollar strengthen (weaken), foreign currencies become more expensive (cheaper) quoted in USD and the Dow Jones CME FX\$INDEX goes up (down). *I.e.*, there is an inverse relation between the value of the U.S. dollar and the Dow Jones CME FX\$INDEX.

Listing Cycle - Six March, June, September and December quarterly cycle contract months will be listed for trading for the new futures contract. The next March cycle contract month not yet listed for trading will be listed for trading on the business day following termination of trading for the nearby contract month.

The initial contract months listed for trading on Sunday, July 25, 2010, and the subsequent new contract month listing procedures will be as follows:

Futures: Sep. 2010, Dec. 2010, Mar. 2011, Jun. 2011, Sep. 2011 and Dec. 2011.

Dow Jones CME FX\$INDEX Futures Contract Listing Procedures			
	Contract Month	Termination Date	Physical Delivery Date
Initial Futures Months	September 2010	9/13/10	9/15/10
	December 2010	12/13/10	12/15/10
	March 2011	3/14/11	3/16/11
	June 2011	6/13/11	6/15/11
	September 2011	9/19/11	9/21/11
	December 2011	12/19/11	12/21/10
Then the New Futures Month Added for Trading on Tuesday, September 14, 2010, the Day Following Termination of Nearby Contract.	March 2012	3/19/12	3/21/12

Options: Not applicable at this time.

Reportable Position Levels – For purposes of Rule 817 **REPORTS OF LARGE POSITIONS**, the minimum levels at which positions must be reported to the Exchange is 25 contracts for the new Dow Jones CME FX\$INDEX futures contracts.

Block Trades Minimum Threshold – Block trading will be allowed at minimum thresholds of 50 contracts for the new Dow Jones CME FX\$INDEX futures contracts.

CME Rule Amendments – Changes to the CME Rulebook appear in the Appendix that follows and include: (1) the underlined addition of new Chapter **404 – Dow Jones CME FX\$INDEX Futures** and (2) underlined amendments to the **5.C. POSITION LIMIT AND REPORTABLE LEVEL TABLE** in the Interpretations section of Chapter 5.

Appendix

Chapter 404
Dow Jones CME FX\$INDEX™ Futures

(Existing CME\$INDEX futures rules were deleted and the following the rules added.)

40400. SCOPE OF CHAPTER

This chapter is limited in application to futures trading in the Dow Jones CME FX\$INDEX™. The procedures for trading, clearing, delivery, settlement and any other matters not specifically contained herein shall be governed by the rules of the Exchange.

40401. FUTURES CALL

40401.A. Trading Schedule

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

40401.B. Trading Units

The unit of trading shall be \$1,000.00 times the Dow Jones CME FX\$INDEX.

40401.C. Price Increments

Minimum price fluctuations shall be in multiples of 0.01 of a Dow Jones CME FX\$INDEX Index point, equivalent to \$10.00 per contract. Trades may also occur in multiples of 0.005 of a Dow Jones CME FX\$INDEX Index point, commonly referred to as one-half tick, for Dow Jones CME FX\$INDEX futures intra-currency spreads, executed as simultaneous transactions on the trading floor, pursuant to Rule 542A, and on CME Globex® pursuant to Rule 542F.

40401.D. Position Accountability

A person owning or controlling more than 6,000 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. For positions involving options on Dow Jones CME FX\$INDEX futures, this rule is superseded by the option position accountability rule.

404B01.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.

40401F. Reserved

40401G. Termination of Trading

Futures trading shall terminate at 9:16 a.m. (Central) on the second business day immediately preceding the third Wednesday of the contract month. If this date for termination is a bank holiday in Chicago or New York City, then futures trading shall terminate on the next preceding business day common to Chicago or New York City banks and the Exchange.

40401H. Contract Modifications

Specifications shall be fixed as of the first day of trading of a contract, except that all deliveries must conform to government regulations in force at the time of delivery. If any national or international government agency or body 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 government orders.

40402. SETTLEMENT PROCEDURES

40402.A. Physical Delivery

1. Procedures

In addition to the procedures and requirements contained in this chapter, delivery procedures shall be governed by the rules set forth in Chapter 7.

Final Settlement

Dow Jones CME FX\$INDEX futures shall be settled by physical delivery at termination to a Special Quotation of the Dow Jones CME FX\$INDEX calculated using the final settlement price of expiring CME Euro /U.S. dollar futures, CME Japanese yen /U.S. dollar futures, CME British pound /U.S. dollar futures, CME Swiss franc /U.S. dollar futures, CME Canadian dollar /U.S. dollar futures and CME Australian dollar/U.S. dollar futures. For purposes of the Special Quotation calculation, the Exchange shall determine a synthetic Canadian dollar / U.S. dollar futures final settlement price at 9:16 a.m. (Central) on the second business day immediately preceding the third Wednesday of the contract month, using appropriate and available CME Globex and/or quote vendor spot and forward price data. This synthetic final settlement price for Canadian dollar /U.S. dollar futures shall be equivalent to a one-day forward delivering on the third Wednesday of the contract month. The Special Quotation of the Dow Jones CME FX\$INDEX at futures contract termination shall be rounded to four decimal places.

Dow Jones CME FX\$INDEX Calculation

The Dow Jones CME FX\$INDEX is weighted and calculated as follows.

$$\text{Dow Jones CME FX\$INDEX} = \left(\sum_{n=1}^6 \text{Units}_n \times \text{Size}_n \times \text{Price}_n \right) + \$10,000$$

Where Units equals 4 in the case of CME Euro /U.S. dollar futures; 2 in the case of CME Japanese yen /U.S. dollar and British pound /U.S. dollar futures; and, 1 in the case of CME Swiss franc /U.S. dollar, Canadian dollar /U.S. dollar and Australian dollar /U.S. dollar futures. Size refers to the trading unit of each of the six Index constituents, e.g., the trading unit for CME Euro /U.S. dollar futures is 125,000 Euros, the trading unit for CME Japanese yen /U.S. dollar futures is 12,500,000 yen, etc. Price refers to the price of each of the six Index constituents, e.g., CME Euro /U.S. dollar futures may be at \$1.3595 per Euro; CME Japanese yen /U.S. dollar futures may be at \$0.010901 per yen, etc. The Dow Jones CME FX\$INDEX may be calculated as 144.7330 in the example illustrated below.

(Note: the following table addition is underlined.)

Calculation, Weighting & Delivery of Theoretical Dow Jones CME FX\$INDEX Future

<u>Component Futures Contract</u>	<u>(1) Contract Size</u>	<u>(2) Price</u>	<u>Contract \$ Value</u>	<u>(3) No. Cnts</u>	<u>(1)x(2)x(3) Weight (\$)</u>	<u>Weight (%)</u>	<u>Physical Delivery Illustration</u>	
							<u>Buyer's Payment</u>	<u>Seller's Payment</u>
EUR/USD	125,000 EUR	1.3595	\$169,938	4	\$679,750	47.0%	\$67,975.00	50,000 EUR
JPY/USD	12,500,000 JPY	0.010901	\$136,263	2	\$272,525	18.8%	\$27,252.50	2,500,000 JPY
GBP/USD	62,500 GBP	1.5463	\$96,644	2	\$193,288	13.4%	\$19,328.75	12,500 GBP
CHF/USD	125,000 CHF	0.9283	\$116,038	1	\$116,038	8.0%	\$11,603.75	12,500 CHF
CAD/USD	100,000 CAD	0.9611	\$96,110	1	\$96,110	6.6%	\$9,611.00	10,000 CAD
AUD/USD	100,000 AUD	0.8962	\$89,620	1	\$89,620	6.2%	\$8,962.00	10,000 AUD
Basket Value					\$1,447,330		\$144,733.00	

Dow Jones CME FX\$INDEX = Basket Value ÷ \$10,000 = \$1,447,330 ÷ \$10,000 = 144.7330

2. Delivery Days

Delivery shall be made on the third Wednesday of the contract month. If that day is not an Exchange business day or is a bank holiday in either Chicago or New York City, then delivery shall be made on the next day, which is an Exchange business day and is not a bank holiday in either Chicago or New York City. However, if that day is a bank holiday in the country of issuance of any of the component currencies in the Dow Jones CME FX\$INDEX, then delivery of that component currency and the associated U.S. dollar payment, shall be made on the next business day common to Chicago, New York City banks and banks in the country of issuance.

3. Buyer's Duties

The clearing member representing a customer paying U.S. dollars to accept delivery of foreign currency in liquidation of a net long position in the Dow Jones CME FX\$INDEX futures contract, shall, no later than 11:00 a.m. on the last day of trading, present to the Clearing House a Dow Jones CME FX\$INDEX Buyer's Delivery Commitment. In addition, the clearing member shall either deposit, or present a bank Order to Pay, an amount equal to the net U.S. dollar value of such customer's positions. Buyer's U.S. dollar payment for each Dow Jones CME FX\$INDEX futures contract open at termination of trading shall equal the sum of U.S. dollar values for the six component currencies in the Index determined by the following:

- a. $((\text{Euro futures contract size}) \times (\text{Euro futures final settlement price}) \times 4 (\text{Euro futures contract weight in the Index})) / 10$
- b. $((\text{Japanese yen futures contract size}) \times (\text{Japanese yen futures final settlement price}) \times 2 (\text{Japanese yen futures contract weight in the Index})) / 10$
- c. $((\text{British pound futures contract size}) \times (\text{British pound futures final settlement price}) \times 2 (\text{British pound futures contract weight in the Index})) / 10$
- d. $((\text{Swiss franc futures contract size}) \times (\text{Swiss franc futures final settlement price}) \times 1 (\text{Swiss franc futures contract weight in the Index})) / 10$
- e. $((\text{Canadian dollar futures contract size}) \times (\text{Canadian dollar futures final settlement price}) \times 1 (\text{Canadian dollar futures contract weight in the Index})) / 10$
- f. $((\text{Australian dollar futures contract size}) \times (\text{Australian dollar futures final settlement price}) \times 1 (\text{Australian dollar futures contract weight in the Index})) / 10$

If such commitment is received later than 11:00 a.m. on the last day of trading, but not later than 8:00 a.m. on the following day, the buyer's clearing member shall be assessed a fine on a per contract basis, the amount to be determined by the Clearing House. Any papers received subsequent to 8:00 a.m. on the day following the last day of trading shall be deemed a default and acted upon in accordance with Rule 737.B. The buyer shall have made all provisions necessary to receive delivery within the country of issuance.

4. Seller's Duties

The clearing member representing a customer paying foreign currency to accept delivery of U.S. dollars in liquidation of a net short position in the Dow Jones CME FX\$INDEX futures contract, shall, no later than 11:00 a.m. on the last day of trading, present to the Clearing House a Dow Jones CME FX\$INDEX Seller's Delivery Commitment. If such commitment is received later than 11:00 a.m. on the last day of trading, but not later than

8:00 a.m. on the following day, the seller's clearing member shall be assessed a fine on a per contract basis, the amount to be determined by the Clearing House. Any papers received subsequent to 8:00 a.m. on the day following the last day of trading shall be deemed a default and acted upon in accordance with Rule 737.B.

For each Dow Jones CME FX\$INDEX futures contract delivery, the seller shall pay proportionate amounts of six currencies whose U.S. dollar value sums to the U.S. dollar value of the Dow Jones CME FX\$INDEX futures contract at termination. The per contract amount of each component currency paid by the selling customer accepting delivery of U.S. dollars shall be determined as follows:

- a. 50,000 Euro
- b. 2,500,000 Japanese yen
- c. 12,500 British pounds
- d. 12,500 Swiss francs
- e. 10,000 Canadian dollars
- f. 10,000 Australian dollars

The total amounts of each of the six currencies paid by the seller are determined by multiplying the subtotals amounts noted above by the number of contracts delivered.

5. Restrictions

From time to time, and frequently without warning, countries change the requirements and the restrictions on non-resident bank accounts. These take various forms including, non-interest-bearing deposit requirements, negative interest rates, prohibitions against investment in the country, ceilings on the amount of deposit, restrictions on the period of time such deposits may be maintained, etc. It is the buyer's and seller's responsibilities to be familiar with and in conformance with all regulations pertaining to the holding of non-resident bank accounts in the country in which he or she desired to make and/or accept delivery.

6. Payments

The Clearing House shall designate a bank in the U.S. into which U.S. dollars shall be paid by the clearing member representing the buying customer. Similarly, the Clearing House shall designate a bank in each foreign country into which foreign currency shall be paid by the clearing member representing the selling customer. Amounts of these payments are defined in the buyer's and seller's duties above.

7. Costs of Delivery

The deliverer of a foreign currency shall bear the costs of transferring the foreign currency into a bank designated by the Clearing House. The receiver of a foreign currency shall bear the costs of transferring the foreign currency out of the bank designated by the Clearing House. Such costs may include, but are not limited to wire transfer charges, negative interest charges, transaction fees, etc.

40402.B. Reserved.

40403. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

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

(End Chapter 404)

Chapter 404A – Options on CME\$INDEX Futures are deleted from the CME Rulebook and a “Reserved” notation will be added to the Table of Contents section for 404A.

**5.C. POSITION LIMIT AND REPORTABLE LEVEL TABLE
 POSITION LIMIT, POSITION ACCOUNTABILITY AND REPORTABLE LEVEL TABLE**

CONTRACT NAME	OPTIONS	FIRST SCALE-DOWN SPOT MONTH	SECOND SCALE-DOWN SPOT MONTH	SPOT MONTH	SINGLE MONTH	ALL MONTHS COMBINED	POSITION ACCOUNTABILITY	REPORTABLE FUT LEVEL	REPORTABLE OPT LEVEL
CME Foreign Exchange									
Czech Koruna	Y			2,000			**6,000	25	25
<u>Dow Jones CME FX\$INDEX</u>							<u>**6,000</u>	<u>25</u>	
E-micro FX (each currency pair)							*(A)	250	

For further information, please contact Dave Schulz, Director, FX Products at 312-930-3426; or Scott Brusso, Director, FX Products at 312-930-3133; or Steve Youngren, Associate Director, Research & Product Development at 312-930-4583.