



Advisory Notice

Clearing House

20 South Wacker Drive
Chicago, IL 60606-7499
www.cme.com

312/930.1000 *tel*
312/466.4410 *fax*

TO: All Firm Personnel
Service Bureau Representatives
Independent Software Vendors

FROM: Clearing House Department

ADVISORY #: 06-85

DATE: APRIL 5, 2006

SUBJECT: CME[®] Live Cattle Options to Increase Strikes by One Cent Intervals for **CME's Trading Floor Only – Effective Monday, April 10, 2006**

Starting Monday, April 10, 2006, there will be an increase in the range for strike prices in 1-cent intervals for CME Live Cattle options on CME's ***Trading Floor only***. The text of the rule amendment is shown below, with additions underlined.

OPTIONS ON LIVE CATTLE FUTURES

101A01. OPTION CHARACTERISTICS

E. Exercise Prices

1. Options in the February Bi-Monthly Cycle

The exercise prices shall be stated in terms of cents per pound. For all contract months, exercise prices shall be at intervals of 2¢; e.g., 60¢, 62¢, 64¢, etc. In addition, for the first two contract month, some exercise prices shall also be at intervals of 1¢; e.g., 60¢, 61¢, 62¢, etc., as is described below.

At the commencement of option trading in a contract month, the Exchange shall list put and call options at intervals of 2¢ in a range 14¢ 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 options at the next higher (or next lower) exercise price within a 14¢ range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

When a contract becomes the second nearest contract month in the February bi-monthly cycle, the Exchange shall add exercise prices at 1¢ intervals at a range 14¢ above and below the

previous day's settlement price. Thereafter, when a sale, bid, offer, or settlement price occurs at, or passes through, any exercise price, the Exchange shall on the next trading day list put and call options at the next higher (or next lower) exercise price within a 14¢ range above (or below) the exercise price through which the underlying futures sale, bid, offer, or settlement price occurred. In addition, when a sale, bid, offer, or settlement price occurs at, or passes through, any even-numbered exercise prices; e.g., 60¢, 62¢, 64¢, the Exchange shall on the next trading day list put and call options at the next higher (or next lower) even-numbered exercise price within a 14¢ range above (or below) the exercise price through which the underlying futures sale, bid, offer, or settlement price occurred.

When a contract becomes the nearest contract month in the February bi-monthly cycle, the Exchange shall add exercise prices at 1¢ intervals within the range that exercise prices at 2¢ intervals have been listed.

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.

FOR FURTHER INFORMATION, CONTACT:

cme.com Inquiries	Customer Service	(800) 331-3332
General Information:	Products & Services or	(312) 930-8213
	Clearing House	(312) 207-2525
Globex Information:	Globex Control Center	(312) 456-2391
Performance Bond Information:	Risk Management Dept.	(312) 648-3888
Position Limits:	Ken Lovett	(312) 648-3259
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