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Advisory Notice

Clearing House

TO: All Firm Personnel
Service Bureau Representatives
Independent Software Vendors

FROM: Clearing House Department

ADVISORY #: NP 04-14

DATE: July 29, 2004

SUBJECT: **REMINDER - New European-Style Foreign Currency Options on Euro FX, Japanese Yen, British Pound, Swiss Franc and Canadian Dollar**

At its February 2004 meeting, the Board of Directors approved a proposal to list five European-Style options on foreign exchange futures contracts for trading. CME will trade European-style exercise of options on Euro FX, Japanese Yen, British Pound, Swiss Franc and Canadian Dollar options on futures. These new contracts will be traded in addition to the existing CME American-style foreign exchange (FX) options.

Any specifications not mentioned herein are identical to the existing American-style FX option counterpart's specifications. Contract specifications pertinent and unique to these contracts can be found below:

Contract Name(s): European-style Options on Futures on Euro FX, Japanese Yen, British Pound, Swiss Franc and Canadian Dollars.

Launch Date: To be announced

Termination of Trading: March Quarterly & Monthly Options:
Trading terminates at the close of trading (usually 2:00 p.m. Chicago time) on the second Thursday immediately preceding the third Wednesday of the contract month. If that date is a scheduled Exchange holiday, trading shall terminate on the immediately

preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

Weekly Options: Terminate at the close of trading (usually 2:00 p.m. Central Time) on those Thursdays that are not also the termination of trading of a March quarterly or monthly option. If that date is a scheduled Exchange holiday, trading in weekly options shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

European-Style Foreign Exchange (FX) Options out-trade sessions will be held on the Thursday afternoons after terminations of the March quarterly, monthly or weekly European-Style FX Options.

Exercise Price:

Listing rules are identical to those of American-style foreign currency options.

Exercise:

All in-the-money options are automatically exercised by the Clearing House on the business day following the termination of trading day for the option. All at and out-of-the-money options are abandoned by the Clearing House on the business day following the termination of trading day for the option. No contrary exercise instructions to the Clearing House will be permitted (e.g., do not exercise an in-the-money option or exercise an out-of-the-money option). An option is in-the-money if the CME

currency fixing price of the underlying futures contract at termination lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put. The CME currency fixing price will be determined at 9:00 a.m. Central Time on the day following the termination of trading (usually Friday) and based upon the underlying pit and GLOBEX futures sale prices, weighted by volume where available or bids and offers when sale prices are not available. Details on the tiered procedure to determine the CME currency fixing price for the CME European-Style FX Options is available in CME Update 04-02, dated Monday, February 9, 2004.

TRADING VENUE:

Regular Trading Hours (RTH-Trading Floor), Side-By-Side on GLOBEX and GLOBEX Electronic Trading Hours, except for Weekly Options, which are eligible for trading during RTH only.

Commodity Codes/ Ticker Symbols

Option Contract	RTH Ticker Symbol	GLOBEX® Ticker Symbol	AON Symbol	Fixing Symbol
Euro FX	YT	XT	0G	YT
Japanese Yen	YJ	XJ	0J	YJ
British Pound	YB	XB	0P	YB
Swiss Franc	YS	XS	0F	YS
Canadian Dollar	YD	XD	0K	YD

Weekly Options	Ticker Symbols
Euro FX	1T-5T
Japanese Yen	1Y-5Y
British Pound	1P-5P
Swiss Franc	1W-5W
Canadian Dollar	1D-5D

PRICE CONVENTIONS:

Pricing conventions for European-style FX options are identical to the existing American-style options.

The price convention for each fixing price will follow the price convention for the underlying futures contract for each of the options. The fixing price will be calculated daily at 9:00 a.m. and disseminated via Channel 3 (Indexes) daily, although it becomes meaningful only on Friday, which is the termination of trading day for weekly and monthly options. The fixing price will appear as a "last" with a category code of "Y".

FOR FURTHER INFORMATION, CONTACT:

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Thank you.