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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	77199918
Applicant	Chicago Mercantile Exchange Inc.
Applied for Mark	CHI
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Date	10/27/2014

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In re Application of: CHICAGO MERCANTILE EXCHANGE INC. Serial No.: 77/199,918 Filed: June 7, 2007 Mark: CHI	Examining Attorney: Linda A. Powell Law Office 106
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**APPLICANT'S SUPPLEMENTAL REPLY BRIEF IN SUPPORT OF REGISTRATION
FOR THE MARK CHI IN INTERNATIONAL CLASS 36**

Respectfully submitted,

**CHICAGO MERCANTILE
EXCHANGE INC.**

Dated: October 27, 2014

By:

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INTRODUCTION

Applicant, Chicago Mercantile Exchange Inc., (“Applicant” or “CME”) by its attorneys, hereby submits this supplemental reply brief in further support of its application to register mark CHI (the “Mark” or “CHI Mark”) in connection with “investment services, namely, providing futures, options contracts related to hurricanes for trading on an exchange” in International Class 36 (“Investment Services”). The remaining issue in this appeal is whether Applicant’s specimens of record sufficiently show CHI Mark functioning as a service mark to identify and distinguish Applicant’s Investment Services from those of others and to indicate the source of those services. Applicant respectfully submits that they do and the Examining Attorney’s arguments to the contrary are in error.

Applicant will not repeat the detailed prosecution history for this Application. Instead, the record is clear that:

1. Applicant properly submitted Substitute Specimens on December 9, 2013 (with supporting information on August 8, 2014) and with the required affidavit and the Examining Attorney does not object to the submission of the Substitute Specimens.
2. The Substitute Specimens included various chapters from CME Rulebook – Applicant’s Rulebook - which provides a common regulatory framework for market users – Applicant’s customers - and show Applicant’s Mark as used in rendering Applicant’s Investment Services.

In sum, the Board should accept the specimens of record and reverse the refusal to register because the Examining Attorney’s arguments and characterizations are unsupported and contrary to the record.

I. ARGUMENT

A. Applicant’s Consumers Include Members of CME Exchanges and Various Other Market Participants.

It should be obvious to the Board that Substitute Specimens consisting of CME Rulebook show direct association between the offer of Applicant’s Investment Services and Applicant’s Mark and, therefore, are acceptable specimens showing the use of Applicant’s Mark.

However, to support her position, the Examining Attorney attacks Substitute Specimens on the ground that they are not available to Applicant's "primary or end consumers." Applicant's consumers encompass a diverse range of individuals, as established by Applicant's evidence and evidence offered by the Examining Attorney. See Exhibits 1 (submitted by Applicant on Feb. 7, 2012) and Exhibit 2 (submitted by the Examining Attorney on October 6, 2014). These consumers include "Insurance and reinsurance companies, Hedge funds, Energy companies, Pension funds, State governments, Utility companies," local distribution companies, construction companies, manufacturers, agriculture companies, retailers, transportation companies, oil refinery consumers, ski resorts, and golf courses. See Exhibits 1 & 2. The Examining Attorney characterizes the above consumers of Applicant's Investment Services as "persons and entities with hurricane exposure." Ex. Supp. Brief. p.6.

Without citing any specific statement in the record, the Examining Attorney claims that Applicant "asserted that the *Members* of the Chicago Mercantile Exchange are the consumers for the services, and that *Members* use the CME (Chicago Mercantile Exchange) Rulebook that were provided as the substitute specimens." *Id.* at 4. The Examining Attorney further states that nothing in the record provides a nexus between "persons and entities with hurricane exposure" to whom CME advertising materials are targeted and the CME Members who use the CME Rulebook. *Id.* at 6. In the Examining Attorneys' opinion, CME Exchange Members are brokers and not the primary or end consumer of Applicant. *Id.* The Examining Attorney then concludes that because Applicant's Substitute Specimens are used only by CME Exchange Members and not by Applicant's primary or end consumers Substitute Specimens are not acceptable specimens to show the use of the CHI Mark in connection with Investment Services. *Id.*

First, Applicant did not make this claimed assertion. Instead, the record shows that Applicant asserted the primary customers of Applicant's Investments Services are various market participants such as insurance and reinsurance companies, hedge funds, energy

companies, pension funds, state governments, utility companies, local distribution companies, construction companies, manufacturers, agriculture companies, retailers, transportation companies, oil refinery consumers, ski resorts, and golf courses. All of these customers use the Substitute Specimen. Therefore, the Examining Attorney's statements to the contrary are unsupported and wrong. To further illustrate this point, Applicant points to its December 9, 2013, Request for Reconsideration (partially reproduced below), which contains language that directly contradicts the arguments espoused by the Examining Attorney:

- "The Rulebook provides detailed information regarding each of the different financial products traded through Applicant's exchange, such as the CHI futures and options contracts. Individual looking to trade any to the Applicant's products will likely consult the Rulebook." Applicant's Request for Reconsideration, Dec. 9, 2013, p. 2.
- "The Substitute Specimens are select portions from Applicant's Rulebook and specifically govern the trading of hurricane futures and options under the CHI trademark. The information in this Rulebook is a critical component regarding the trading of these contracts. For example, the Rulebook provides information to Applicant's customers, such as traders and institutions, regarding the terms of the specific CHI futures and options contract, settlement positions, etc." *Id.* at 3.
- "Specifically, Exhibit 1 consists of select excerpts from the "CME Rulebook," which provide a common regulatory framework for Applicant's customers and more importantly directly associate Applicant's CHI Mark with Applicant's Investment Services." *Id.* at 5.
- "For example, a customer looking to trade a CHI futures or options contract must know the trading unit, minimum price fluctuation and other regulations and would likely consult the Substitute Specimens to identify this information." *Id.* at 6.

Accordingly, Applicant's Substitute Specimens are available to and used by Applicant's primary and end customers that include both "persons and entities with hurricane exposure" looking to invest into Applicant's CHI Futures and CHI Options and CME Exchange Members. Therefore, Substitute Specimens are acceptable specimens showing the use of Applicant's Mark in connection with Investment Services.

B. Substitute Specimens Are Available to all Consumers of Applicant's Investment Services.

In a further attempt to save the refusal to register, the Examining Attorney, for the first time in her most recent brief analyzes a disclaimer from the February 7, 2012 specimen. The

Examining Attorney concludes that because the disclaimer includes a warning that “futures trading is not suitable for all investors,” Applicant recognizes that not all consumers for its futures and options contracts are sophisticated financial product consumers. See Ex. Supp. Brief. p.4. The Examining Attorney further notes that the above warning to the consumers is accompanied by a reference to the CME Group rules without specifying where those rules, referring to CME Rulebook, can be found. *Id.* However, the Examining Attorney notes in the same paragraph that the “warning to consumers is followed by a statement that further information about CME Group and its products can be found at www.cmegroup.com.” *Id.*

First, the U.S. Commodity Futures Trading Commission requires use of certain disclaimers regarding futures trading. 17 CFR 4.41. Second, this is a general statement regarding all futures trading and is not specific to Investment Services at issue in this Application. The record establishes, and the Examining Attorney admits in her October 6th brief, that sophisticated parties are customers for these Investment Services. These sophisticated customers likely understand the rules and limits associated with Applicant’s financial products and are likely to conduct research and carefully evaluate the risk, trading unit, price increments, and settlement procedures prior to purchasing CHI futures or options contracts. Applicant provides various resources, including its Rulebook, at its website to assist Applicant’s customers in making purchasing decisions. Applicant’s Substitute Specimens from its Rulebook are available at consumers to Applicant’s website at www.cmegroup.com, the very site identified in the disclaimer of the brochure contained in February 7, 2012. Applicant’s Rulebook also has a built-in search engine so Applicant’s consumers can easily search the Rulebook for rules applicable to CHI futures or CHI options.

The Examining Attorney further states that none of Applicant’s “materials purport to offer the CME Rulebook as additional marketing information or as a user reference for making a purchasing decision or for managing futures and options contracts.” First, Applicant notes that

its CME Rulebook is not marketing information but rather material provided in the course of rendering Applicant's Investment Services. As already explained above, most of Applicant's consumers are sophisticated market participants who are aware that detailed information regarding each financial product offered by Applicant is provided in Applicant's Rulebook. If a customer wanted to understand the calculation for these specific Investment Services (to calculate the hedging against a hurricane loss), the customer will consult the CME Rulebook. Accordingly, Applicant does not need to advertise its Rulebook as a user reference for Applicant's consumers who will know to consult CME Rulebook before investing in Applicant's financial products.

C. The Use of CHI Mark Is Not Buried in Substitute Specimens.

As already stated above, Applicant's Substitute Specimens are available on its website www.cmegroup.com in electronic format with built-in search engine. Therefore, it is easy for Applicant's consumers to locate the information within Rulebook on Applicant's CHI futures and CHI options. In addition, Applicant's Investment Services provided under the CHI Mark are part of the general hurricane futures and options contracts traded at Applicant's exchange. This is why the relevant chapters in Applicant's Rule book include the broader terms "CME Hurricane Index Futures" in their names. The Examining Attorney's characterization that use of the CHI Mark is buried in the Substitute Specimens is inaccurate and irrelevant. The Substitute Specimens show use of the CHI Mark in connection with Investment Services and the Substitute Specimens are used in connection with the rendering of such services.

D. The Fact that Particular Evidence Selected by the Examining Attorney References Applicant's Investment Services only by their Descriptive Name is Irrelevant.

Finally, the Examining Attorney attempts to argue that Applicant is not entitled to a registration for the CHI Mark because the print-outs from Applicant's website which the Examining Attorney attached to her Supplemental Brief use descriptive names to refer to the

specific Investment Services. Such an assertion is irrelevant. Applicant submitted acceptable specimens that show use of the CHI Mark in connection with the Investments Services, namely as CHI futures or CHI options contracts. Therefore, Applicant is entitled to a registration for the CHI Mark.

II. CONCLUSION

Based on the foregoing, Applicant's Substitute Specimens show the use of the CHI Mark as a source identifier for Applicant's Investment Services. Because Applicant's CHI Mark is used in the specimens of record as the source identifier for the provision of the Applicant's Investment Services, Applicant respectfully requests that the Board reverse the Examining Attorney's refusal to register the CHI Mark, accept the specimens submitted by Applicant and allow the Application to proceed to the registration.

Respectfully Submitted,

**CHICAGO MERCANTILE
EXCHANGE INC**

Dated: October 27, 2014

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Exhibit 1

WEATHER PRODUCTS

CME Hurricane Index Futures and Options

Three types of contracts for Hurricane futures and options – covering specific regional locations and actual named hurricanes.

Overview

Following the devastating 2005 hurricane season that caused an estimated \$79 billion in damage, it became apparent there was not unlimited capacity in the insurance industry to insure customer claims. CME Group listened to the marketplace and developed three types of contracts for Hurricane futures and options. The underlying indexes for Hurricane futures and options on futures are calculated by MDA Information Systems, Inc., the leading authority on extreme-risk modeling.

Market Participants

- Insurance and reinsurance companies
- Hedge funds
- Energy companies
- Pension funds
- State governments
- Utility companies

Contract Types

- Hurricane futures and options
- Hurricane Seasonal futures and options
- Hurricane Seasonal Maximum futures and options

Benefits

- An additional way to help insurers and others transfer risk to the capital markets
- Mitigate exposures for actual named hurricanes and specific regional locations
- Increase insurance capacity in order to insure customers or hedge businesses

About the Index

CME Hurricane Index™ (CHI™) determines a numerical measure of the potential for damage from a hurricane, using publicly available data from the National Hurricane Center of the National Weather Service. The CHI incorporates sustained wind speed and the radius of hurricane force winds and is a continuous measurement.

The commonly used Saffir-Simpson Hurricane Scale (SSHS) classifies hurricanes in categories from 1 to 5; however there are a number of features which make the scale less than optimal for use by the insurance community and the public at large. For example, meteorologists have had to quantify SSHS categories as either 'strong' or 'weak' in order to make a proper distinction of a storm. As a case in point, Katrina was described as a weak category 4 storm at the time of its landfall but this did not provide a real estimate to the actual physical impact. And Hurricane Wilma in 2005 was at one point in its life the strongest storm on record. However, the CHI highlights that at its strongest, Hurricane Katrina had more potential for damage than Wilma, despite its lower wind speed, since Katrina was a far wider storm. The Saffir-Simpson scale would be unable to make this distinction clear.

CME HURRICANE INDEX FUTURES AND OPTIONS CONTRACTS

	HURRICANE INDEX FUTURES	OPTIONS ON HURRICANE INDEX FUTURES
Contract Size	\$1,000 times the respective CHI	
Quotation	CHI Index Points	
Tick Size	0.1 CHI Index Point	
Tick Value	0.1 CHI Index Point = \$100 x 10 = 1 tick/\$1,000	
Contracts Traded	At the beginning of each season storm names are used from a list, starting with A and ending with Z, maintained by the World Meteorological Organization. In the event that more than 21 named events occur in a season, additional storms will take names from the Greek alphabet: Alpha, Beta, Gamma, Delta, and so on	
Locations	Named hurricanes making landfall in the Eastern U.S. (Brownsville, TX to Eastport, ME) Named hurricanes occurring within the CHI-Cat-In-A-Box – Galveston-Mobile <i>(area bounded by 95°30'0"W on the West, 87°30'0"W on the East, 27°30'0"N on the South, and the corresponding segment of the U.S. coastline on the North)</i>	
Ticker Symbols	Events begin with a one and ends with a zero (0 represents 10) HX1-HX0 = CHI Hurricane Index storms beginning with the letters A-J HG1-HG0 = CHI Hurricane Index storms beginning with the letters K-V HF1-HF0 = CHI Hurricane Index storms beginning with the letters W-Iota HP1-HP0 = CHI Cat-In-A-Box – Galveston-Mobile storms A-J HS1-HS0 = CHI Cat-In-A-Box – Galveston-Mobile storms K-V HN1-HN0 = CHI Cat-In-A-Box – Galveston-Mobile storms W-Iota	
Termination of Trading	Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following the last forecast/advisory issued by the National Hurricane Center (NHC) for the named storm, provided that both the NHC and the Hydrometeorological Prediction Center have stopped issuing advisories for that named storm, but in no event shall trading terminate prior to the first Exchange business day that is at least five calendar days following January 1, or later than the first business day that is at least five calendar days following December 31. If a particular named storm is unused (i.e. that storm has not formed), trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following December 31. Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following the dissipation or exit from the designated area of a named storm, provided that both the NHC and the Hydrometeorological Prediction Center have stopped issuing advisories for that named storm, but in no event shall trading terminate prior to the first Exchange business day that is at least five calendar days following January 1, or later than the first business day that is at least five calendar days following December 31. If a particular named storm is unused (i.e. that storm has not formed), trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following December 31.	
Strike Price Interval	N/A	1 Index Point (e.g., 10, 11, 12, etc.)
Exercise	N/A	American-style (exercised any time up to and including last trading day (LTD))
Settlement	All futures contracts remaining open at the termination of trading shall be settled using the respective CHI final value reported by MDA Information Systems, Inc. for that named event All futures contracts remaining open at the termination of trading shall be settled using the respective CHI-Cat-In-A-Box final value reported by MDA Information Systems, Inc. for that named event, using the maximum calculated CHI value while the hurricane is within the designated area	N/A
Position Limits	Position accountability for positions exceeding 10,000 contracts in any contract month	Position accountability for positions exceeding 10,000 futures-equivalent contracts net on the same side of the market in any contract month
Trading Hours	Offered exclusively on the CME Globex electronic trading platform on Sundays through Thursdays, 5:00 p.m. – 3:15 p.m. CT the following day (9:00 a.m. CT LTD)	Traded via open outcry in the NASDAQ-100 pit on Mondays through Fridays, 8:30 a.m. – 3:15 p.m. CT (9:00 a.m. CT LTD)

Futures trading is not suitable for all investors, and involves the risk of loss. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles. And only a portion of those funds should be devoted to anyone trade because they cannot expect to profit on every trade. All references to options refer to options on futures.

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The information within this brochure has been compiled by CME Group for general purposes only. CME Group assumes no responsibility for any errors or omissions. Additionally, all examples in this brochure are hypothetical situations, used for explanation purposes only, and should not be considered investment advice or the results of actual market experience.

All contracts herein are listed with, and subject to the rules and regulations of, Chicago Mercantile Exchange, Inc.

All matters pertaining to rules and specifications herein are made subject to and are superseded by official CME, CBOT and NYMEX rules. Current rules should be consulted in all cases concerning contract specifications.

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CME HURRICANE INDEX SEASONAL FUTURES AND OPTIONS CONTRACTS

	HURRICANE SEASONAL FUTURES	OPTIONS ON HURRICANE SEASONAL FUTURES
Contract Size	\$1,000 times the seasonal total for the respective CHI	
Quotation	CHI Index Points	
Tick Size	0.1 CHI Index Point	
Tick Value	0.1 CHI Index Point = \$100	
Contracts Traded	Expressed in terms of the accumulated CHI for all hurricanes that occur within a specific location between January 1 and December 31 inclusive of a calendar year Expressed in terms of the accumulated CHI-Cat-In-A-Box values for all hurricanes that occur within a specific geographic area between January 1 and December 31 inclusive of a calendar year	
Locations	Gulf Coast (Brownsville, TX to AL/FL Border) Florida (AL/FL Border to Fernandina Beach, FL) Southern Atlantic Coast (Fernandina Beach, FL to NC/VA Border) Northern Atlantic Coast (NC/VA Border to Eastport, ME) Eastern U.S. (Brownsville, TX to Eastport, ME)	Gulf Coast and Florida (Brownsville, TX to Fernandina Beach, FL) Florida Gold Coast (Card Sound Bridge, FL to Jupiter Inlet, FL) Florida + Southern Atlantic + Northern Atlantic (AL/FL Border to Eastport, ME) CHI-Cat-In-A-Box – Galveston-Mobile (area bounded by 95°30'0"W on the West, 87°30'0"W on the East, 27°30'0"N on the South, and the corresponding segment of the U.S. coastline on the North)
Ticker Symbols	HGA = Gulf Coast HFA = Florida HSA = Southern Atlantic Coast HNA = Northern Atlantic Coast HXA = Eastern U.S. FGM = Gulf Coast and Florida HDA = Florida Gold Coast HAA = Florida + Southern Atlantic + Northern Atlantic HPA = CHI-Cat-In-A-Box – Galveston-Mobile	OGA = Gulf Coast OFA = Florida OSA = Southern Atlantic Coast ONA = Northern Atlantic Coast OXA = Eastern U.S. FGM = Gulf Coast and Florida HDA = Florida Gold Coast AHA = Florida + Southern Atlantic + Northern Atlantic OPA = CHI-Cat-In-A-Box – Galveston-Mobile
Termination of Trading	Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following December 31.	
Strike Price Interval	N/A	1 Index Point (e.g., 10, 11, 12, etc.)
Exercise	N/A	American-style (exercised any time up to and including LTD)
Settlement	All futures contracts remaining open at the termination of trading shall be settled using the respective CHI final value reported by MDA Information Systems, Inc. for that numbered event All futures contracts remaining open at the termination of trading shall be settled using the respective CHI-Cat-In-A-Box final value reported by MDA Information Systems, Inc. for that numbered event, using the maximum calculated CHI value while the hurricane is within the designated area	N/A
Position Limits	Position accountability for positions exceeding 10,000 contracts in any contract month	Position accountability for positions exceeding 10,000 futures-equivalent contracts net on the same side of the market in any contract month
Trading Hours	Offered exclusively on the CME Globex electronic trading platform on Sundays through Thursdays, 5:00 p.m. – 3:15 p.m. CT the following day (9:00 a.m. CT LTD)	Traded via open outcry in the NASDAQ-100 pit on Mondays through Fridays, 8:30 a.m. – 3:15 p.m. CT (9:00 a.m. CT LTD)

For more information on CME Hurricane Index futures and options, visit www.cmegroup.com/hurricane.

For real-time prices on CME Hurricane Index futures, visit www.cmegroup.com/weatherquotes.

CME HURRICANE INDEX SEASONAL MAXIMUM FUTURES AND OPTIONS CONTRACTS

	HURRICANE SEASONAL MAXIMUM FUTURES	OPTIONS ON HURRICANE SEASONAL MAXIMUM FUTURES
Contract Size	\$1,000 times the respective CHI	
Quotation	CHI Index Points	
Tick Size	0.1 CHI Index Point	
Tick Value	0.1 CHI Index Point = \$100	
Contracts Traded	Expressed in terms of the CHI for the largest hurricane to make landfall within a specific location between January 1 and December 31 inclusive of a calendar year Expressed in terms of the largest CHI-Cat-In-A-Box value for all hurricanes that occur within a specific geographic area between January 1 and December 31 inclusive of a calendar year	
Locations	Gulf Coast (Brownsville, TX to AL/FL Border) Florida (AL/FL Border to Fernandina Beach, FL) Southern Atlantic Coast (Fernandina Beach, FL to NC/VA Border) Northern Atlantic Coast (NC/VA Border to Eastport, ME) Eastern U.S. (Brownsville, TX to Eastport, ME)	Gulf Coast and Florida (Brownsville, TX to Fernandina Beach, FL) Florida Gold Coast (Card Sound Bridge, FL to Jupiter Inlet, FL) Florida + Southern Atlantic + Northern Atlantic (AL/FL Border to Eastport, ME) CHI-Cat-In-A-Box – Galveston-Mobile (area bounded by 95°30'0"W on the West, 87°30'0"W on the East, 27°30'0"N on the South, and the corresponding segment of the U.S. coastline on the North)
Ticker Symbols	HGM = Gulf Coast HFM = Florida HSS = Southern Atlantic Coast HNM = Northern Atlantic Coast HXM = Eastern U.S. GFM = Gulf Coast and Florida HDM = Florida Gold Coast HAM = Florida + Southern Atlantic + Northern Atlantic HPM = CHI-Cat-In-A-Box – Galveston-Mobile	OGM = Gulf Coast OFM = Florida OSM = Southern Atlantic Coast ONM = Northern Atlantic Coast OXM = Eastern U.S. GFM = Gulf Coast and Florida HDM = Florida Gold Coast MHA = Florida + Southern Atlantic + Northern Atlantic OPM = CHI-Cat-In-A-Box – Galveston-Mobile
Termination of Trading	Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following December 31.	
Strike Price Interval	N/A	1 Index Point (e.g. 10, 11, 12, etc.)
Exercise	N/A	American-style (exercised any time up to and including LTD)
Settlement	All futures contracts remaining open at the termination of trading shall be settled using the respective CHI seasonal maximum final value reported by MDA Information Systems, Inc. All futures contracts remaining open at the termination of trading shall be settled using the respective CHI seasonal maximum Cat-In-A-Box final value reported by MDA Information Systems, Inc.	N/A
Position Limits	Position accountability for positions exceeding 10,000 contracts in any contract month	Position accountability for positions exceeding 10,000 futures-equivalent contracts net on the same side of the market in any contract month
Trading Hours	Offered exclusively on the CME Globex electronic trading platform on Sundays through Thursdays, 5:00 p.m. – 3:15 p.m. CT the following day (9:00 a.m. CT LTD)	Traded via open outcry in the NASDAQ-100 pit on Mondays through Fridays, 8:30 a.m. – 3:15 p.m. CT the following day (9:00 a.m. CT LTD)

For more information on Weather futures and options, visit www.cmegroup.com/weather.

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Tokyo	+81 3 5403 4828	Washington D.C.	202 638 3838		

Exhibit 2

CME Group

WEATHER PRODUCTS

CME Group launched the first weather derivative contracts in 1999 to help businesses manage their exposure to temperature-based risk. Weather's overall impact on the United States Gross Domestic Product (GDP) is \$5.3 billion annually. To help manage that impact on consumers and corporations, CME Group's product slate has grown to meet customer needs by offering multiple risk management opportunities related to temperature, snowfall, frost, rainfall and hurricanes in more than 50 cities worldwide.

Weather futures and options are available for block trading, which are privately negotiated futures, options, or combination transactions. Futures contracts are also available to be traded on CME Globex, and options contracts are available via open outcry on the CME trading floor.

Benefits

- Manage weather-related price risk
- Stabilized cash flow
- Transparent prices on CME Globex-listed electronic futures products
- Opportunity to hedge risk associated with weather uncertainty
- Centralized clearing and counterparty credit guaranteed by CME Clearing

Cross-Sector Opportunities

Utilities and energy companies were the main users of our weather futures and options when CME Group first introduced weather derivatives, but the expanded product slate has captured the interest of a diverse set of market participants across several sectors:

- Energy Companies
- Insurance and Reinsurance Companies
- Local Distribution Companies (LDC)
- Manufacturing
- Construction
- Agriculture
- Utility Companies
- Retailers
- Hedge Funds
- Transportation



WEATHER PRODUCTS SLATE

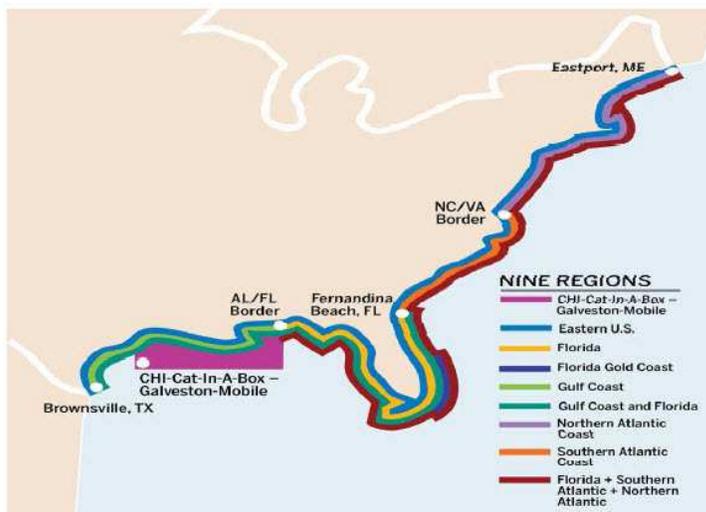
TEMPERATURE-BASED PRODUCTS

City Locations	Index Used – Winter	Index Used – Summer	Time Frames for Contracts
United States	HDD	CDD	Weekly, Monthly, Seasonal Strip: A customized season of two to seven consecutive months within the same general season – October through April for Winter, April through October for Summer
Canada	HDD	CAT, CDD	Monthly, Seasonal Strip: Same as U.S. contracts
Europe	HDD	CAT	Monthly, Seasonal Strip: Same as U.S. contracts
Asia Pacific	CAT*	CAT*	Monthly, Seasonal Strip: A customized season of two to seven consecutive months within the same general season – October through April for Winter, April through October for Summer
Australia	HDD	CDD	Monthly, Seasonal Strip: Same as U.S. contracts

HURRICANE-BASED PRODUCTS

CME OFFERS SEVERAL HURRICANE-BASED CONTRACTS TO MEET YOUR RISK MANAGEMENT NEEDS:

- Hurricane futures, options and binary options – Cover actual named hurricanes making landfall in the United States Atlantic basin
- Hurricane Seasonal futures, options and binary options – Focusing on the total number of hurricanes that occur within a specific location or geographic area between January 1 and December 31
- Hurricane Seasonal Maximum futures, options and binary options – Focusing on the largest hurricane to make landfall within a specific location or geographic region between January 1 and December 31





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CME to Launch Hurricane Futures and Options on Futures Contract

CME-Carvill Hurricane Index to be Available for 2007 Hurricane Season



CHICAGO and LONDON, Feb. 14 /PRNewswire/ -- CME, the world's largest and most diverse financial exchange, announced today that it will expand its weather derivatives product line with a scheduled launch of CME-Carvill Hurricane Index futures and options on futures contracts March 12. The underlying indexes will be calculated by Carvill, a leading independent reinsurance intermediary in specialty reinsurance that tracks and calculates hurricane activity.

"These new CME Hurricane contracts will provide an additional way to help address the needs of the insurance industry and other markets," said Felix Carabello, CME Director of Alternative Investment Products. "Following the devastating 2005 hurricane season that caused an estimated \$79 billion in damage, it became apparent that there was limited capacity to insure customer claims. With these hurricane contracts, insurers and others will be able to transfer their risk to the capital markets and thereby increase their capacity to insure customers." In addition to insurers, other customers such as energy companies, pension funds, state governments and utility companies will be able to hedge their risk of hurricanes striking in the United States in five areas defined as the Gulf Coast, Florida, the Southern Atlantic Coast, the Northern Atlantic Coast and the Eastern U.S. "We are excited about our joint venture with CME," said John Cavanagh, Joint CEO of the Carvill Group. "CME is the clear market leader in weather derivatives and we believe this new product will offer a wider range of catastrophe solutions to our customers. The convergence of the insurance markets and the broader financial community continues at a rapid pace, and our products, particularly in the catastrophe areas, are becoming more commoditized in order to appeal to a more diverse range of capital providers. An exchange traded derivative product for catastrophic hurricane risk is a natural progression to this trend." Dr. Steve Smith, Senior Vice President of ReAdvisory, the analytical arm of Carvill said, "The challenge was to develop an index that met the needs of both the derivative trading community and the insurance market. We needed an index that is easily understood, simple to calculate and based on publicly verifiable data -- in short, an index which is transparent. Most importantly for the trading community was the requirement that the index could be calculated and settled within hours of an event taking place." Using publicly available data from the National Hurricane Center of the National Weather Service, the Carvill Hurricane Index (CHI™) uses the maximum wind velocity and size (radius) of each official storm to calculate the potential for damage. The front contract expires when a hurricane makes landfall with the expiration pegged to the CHI. The contract tick size is 0.1 CHI point, which is equivalent to \$100. Hurricane futures will trade on CME Globex(R) from 5:00 p.m. to 3:15 p.m. the following day Chicago time and options on hurricane futures will be available for trading 8:30 a.m. to 3:15 p.m. Chicago time on the CME trading floor. CME currently lists weather contracts based on aggregate temperatures on 35 cities around the world as well as snowfall and frost indexes. CME introduced weather derivatives in 1999. In 2006, it added CME Weather derivatives had a notional value of \$22 billion. For more information on the hurricane contracts, please go to <http://www.CME.com/hurricane>. CME (<http://www.cme.com>) is the world's largest and most diverse financial exchange. As an international marketplace, CME brings together buyers and sellers on the CME Globex(R) electronic trading platform and on its trading floors. CME offers futures and options on futures in these product areas: interest rates, stock indexes, foreign exchange, agricultural commodities, energy, and alternative investment products such as weather, real estate and economic derivatives. CME is a wholly-owned subsidiary of Chicago Mercantile Exchange Holdings Inc. (NYSE, Nasdaq: CME), which is part of the Russell 1000(R) Index and the S&P 500(R) Index. Statements in this news release that are not historical facts are forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or implied in any forward-looking statements. More detailed information about factors that may affect our performance may be found in our filings with the Securities and Exchange Commission, including our most recent Quarterly Report on Form 10-Q, which can be obtained at its Web site at <http://www.sec.gov>. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Exchange members

See: Member firm; seat

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Exchange Member

A person, normally a broker, who has membership on a stock exchange. This means that he/she is allowed to make trades on the floor of that exchange. Most exchanges do not allow firms to be members, so the membership for a member firm formally belongs to one more of its employees. Memberships are bought and sold at market price because most exchanges have a finite number. See also: Seat.

Member Firm

A broker-dealer firm in which at least one of the principal officers is allowed to trade on the floor of an exchange. To become a member, one needs to purchase a membership or a seat on the exchange, which can be very expensive. There are usually a set number of memberships to an exchange; for example, on the New York Stock Exchange, there are 1,366 seats, which may cost up to \$1 million each, and which may be bought or sold to different firms. Most exchanges do not recognize member firms, only individual members; that is, they consider members to be the brokers or dealers on the floor, rather than the firms they represent.

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