

CME CSI HOUSING FUTURES CONTRACT LEAD MARKET MAKING AGREEMENT

This CME CSI Housing Futures Contract Lead Market Making Agreement (the "Agreement"), is entered into on February [INSERT DATE], 2006, (the "Effective Date"), by and between the Chicago Mercantile Exchange Inc., 20 South Wacker Drive, Chicago, Illinois 60606 ("CME"), and [INSERT NAME OF COMPANY AND ADDRESS] (the "Lead Market Maker").

RECITALS:

WHEREAS, CME is registered with the Commodity Futures Trading Commission (the "CFTC") as a "designated contract market" and a "derivatives clearing organization" within the meaning of the Commodity Exchange Act, as amended (the "CEA"), and lists for trading futures contracts and options on futures contracts in various financial and commodity products;

WHEREAS, CME from time to time establishes lead market maker ("LMM") programs in order to promote liquidity;

WHEREAS, CME has established a lead market maker program for futures contracts based upon the Case-Shiller[®] Indexes of housing prices, which futures contracts CME lists for trading on CME's Globex[®] electronic trade matching system ("Globex");

WHEREAS, Lead Market Maker desires to be a lead market maker for the Product (as defined below) and has submitted a bid sheet describing the service levels to which it is willing to commit in exchange for designation as a lead market maker for the Product (the "Bid Sheet");

WHEREAS, CME and Lead Market Maker desire to set forth such terms and related provisions governing Lead Market Maker's designation as a lead market maker for the Product;

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. DEFINITIONS

When used in this Agreement:

- 1.1.** "Confidential Information" has the meaning set forth in Section 8.4.
- 1.2.** "Bid Sheet" has the meaning set forth in the Recitals.
- 1.3.** "FIFO" means first-in, first-out order matching priority.
- 1.4.** "Globex" has the meaning set forth in the Recitals.
- 1.5.** "Guaranteed Percentage" has the meaning set forth in Section 4.3.

- 1.6. "LMM" has the meaning set forth in the Recitals and refers to any entity designated by CME as a lead market maker for the Product, including Lead Market Maker, as applicable.
- 1.7. "Market Making Account" means, pursuant to Section 3.3, the proprietary account selected by Lead Market Maker for conducting the market making activity described herein.
- 1.8. "Market Making Period" has the meaning set forth in Section 3.1.
- 1.9. "Product" means CME's futures contracts on the Case-Shiller Indexes ("CSI") of housing prices.
- 1.10. "Term" has the meaning set forth in Article 2.

2. TERM

This Agreement shall be effective from the Effective Date and remain in effect through March 31, 2007, unless earlier terminated pursuant to Article 7 (the "Term").

3. LEAD MARKET MAKER OBLIGATIONS

- 3.1. Market Making Period. Lead Market Maker shall continuously post bids and offers in the Product on Globex from 8:00 a.m. until 4:00 p.m., Chicago time, Monday through Friday, excluding any periods during which the Product is unavailable for trading on Globex. If CME makes trading available in the Product outside of 8:00 a.m. until 4:00 p.m., Lead Market Maker may, in its discretion, post bids and offers of any size or spread during such periods and, if it so chooses, Lead Market Maker shall enjoy the benefits described in Article 4 below with respect to such market making activity.
- 3.2. Size and Quantity of Bids and Offers. Lead Market Maker shall post bids and offers in the Product in the size and quantity represented by Lead Market Maker in its Bid Sheet. The Bid Sheet is attached hereto as Exhibit A.
- 3.3. Market Making Account. All market making activity described herein must be conducted through the Market Making Account. For audit purposes, Lead Market Maker must identify to CME a single FIX ID or Globex user ID for market making activity. Such ID must be the only ID associated with the Market Making Account, and such ID may not be utilized in any other account. Give-ups to or from the designated ID and Market Making Account are prohibited. Only transactions in the Product may be conducted through the Market Making Account.

4. LEAD MARKET MAKER BENEFITS AND ACKNOWLEDGEMENTS

- 4.1. Guaranteed Order Flow Participation. Lead Market Maker will be entitled to receive a guaranteed percentage (the “Guaranteed Percentage” as further described below) of order flow in the Product that may be matched by a Lead Market Maker bid or offer described in this Agreement. The Guaranteed Percentage applies where, at the time that an executable bid or offer enters Globex, the Lead Market Maker bid or offer is the best bid or offer, as applicable, without regard to FIFO priority. As a LMM, Lead Market Maker will be entitled to “jump” the FIFO queue and receive its Guaranteed Percentage of order flow ahead of other market participants with bids or offers at the same price, including market participants that achieve TOP order priority by “turning” the market.
- 4.2. Order Flow Examples. The following example is intended to illustrate the order flow participation benefit described above, without regard to the specific product, bid/offer sizes and bid/offer spreads described herein. The market is 6 bid, 8 offer, and the following occurs: (a) Bidder 1 “turns” the market by bidding 7 on 10 contracts, (b) Bidder 2 bids 7 for 20 contracts, and (3) Lead Market Maker subsequently matches the bid of 7 on 50 contracts. Following this activity, the FIFO priority for bids of 7 would be:

- (1) 10 for Bidder 1
- (2) 20 for Bidder 2
- (3) 50 for Lead Market Maker

If an offer of 20 contracts at 7 were then placed, Lead Market Maker would normally not be entitled to any of this amount. However, as an LMM, Lead Market Maker would be entitled to jump ahead of both Bidder 1 and Bidder 2 to receive the applicable Guaranteed Percentage of any offer that is entered at 7.

Consequently, if the Guaranteed Percentage was 40%, Lead Market Maker would receive 8 contracts of the 20 offered at 7 as its guaranteed amount ($40\% \times 20$ contracts). After Lead Market Maker received its Guaranteed Percentage, Bidder 1 would receive 10 contracts and Bidder 2 would receive the remaining 2 contracts because of the FIFO priority of their bids. Following these executions, the FIFO priority for bids of 7 would be:

- (1) 8 for Bidder 2
- (2) 42 for Lead Market Maker

If an offer of 5 contracts at 7 was then placed, Lead Market Maker would receive 2 contracts as its guaranteed amount ($40\% \times 5$ contracts), and Bidder 2 would receive the remaining 3 contracts because of its FIFO priority.

If Lead Market Maker’s Guaranteed Percentage and the bids of market participants with FIFO priority ahead of Lead Market Maker are fully satisfied, Lead Market Maker may receive any remaining portion of an offer through simple FIFO allocation. For example, if the offer above were for 25 contracts instead of 5, Lead Market Maker would receive 10 contracts as its guaranteed amount ($40\% \times 25$ contracts), Bidder 2 would receive 8 contracts to complete his bid. The remaining 7 would go to the Market Maker as part of FIFO.

Where the allocation process results in a fractional contract, in all cases, the fractional unit will be rounded down to the next highest whole contract.

For example, Bidder 1 is bidding 7 for 10 contracts and Lead Market Maker matches the bid of 7 for 10 contracts. If an offer for 4 contracts at 7 were then placed, Lead Market Maker would be entitled to 1 contracts ($40\% \times 4 \text{ contracts} = 1.6 \text{ contracts}$ rounded down = 1 contracts). Bidder 1 would be entitled to the remaining 3 contracts.

- 4.3. Guaranteed Percentage. The Guaranteed Percentage will be determined on the basis of the number of LMMs that CME has designated for the Product, without regard to how many of such LMMs participate in any particular bid or offer. The Guaranteed Percentage for the Product will be as follows: 40% if there is a single LMM for the Product, 20% if there are two LMMs for the Product, and 15% if there are three LMMs for the Product. In the event that a LMM is added or removed from the Program, CME shall, within ten (10) business days, adjust the Guaranteed Percentage(s) with respect to the remaining LMMs in the program.
- 4.4. FIFO Applies Among LMMs. Where multiple LMMs have placed a bid or offer in a Product at the same price, FIFO priority will apply among them as to any allocation of Guaranteed Percentage amounts.
- 4.5. Fees Waived. Upon satisfaction by Lead Market Maker of its obligations under this Agreement (as determined by CME) and, to the extent that fees are reinstituted for CSI housing price futures, all CME Globex CSI housing price futures fees will be waived for Lead Market Maker with respect to market making activity under this Agreement. Lead Market Maker will remain responsible for payment of CME clearing fees. The fee waiver applies only to proprietary transactions in the CSI housing price futures that are conducted through Lead Market Maker's Market Making Account.
- 4.6. Number of Lead Market Makers or Market Makers. Lead Market Maker agrees and acknowledges that it is a non-exclusive lead market maker and that CME may, in its sole discretion, designate other lead market makers or market makers for the Product.
- 4.7. Exclusivity. During the Term, Lead Market Maker agrees and acknowledges that it (or any of its affiliates) will not serve in a market maker or liquidity provider capacity for any non-CME products that compete with the Product.

5. CME MONITORING OF MARKET MAKING ACTIVITY

In its sole discretion, CME shall have the right, but not the obligation, to monitor and audit Lead Market Maker's market making activity in the Product to ensure compliance with the terms of this Agreement.

6. BID SHEET INFORMATION

Lead Market Maker represents and warrants that the information concerning Lead Market Maker, its principals and any other information set forth in the Bid Sheet is true, correct and complete as of the date upon which it submitted the Bid Sheet. Lead Market Maker agrees to promptly notify CME in writing of any change in such information.

7. TERMINATION; EFFECT OF TERMINATION

- 7.1. Grounds for Termination.** This Agreement may be terminated by CME, immediately upon notice to Lead Market Maker, if: (a) Lead Market Maker does not satisfy any of the obligations set forth in Article 3; (b) CME delists the Product; (c) CME is asked or required to terminate or materially modify the Lead Market Maker program by the CFTC or its staff or any other regulatory body or its staff with jurisdiction over such matters; (d) Lead Market Maker does not maintain an appropriate clearing arrangement with a CME clearing member firm; (e) Lead Market Maker or any of its employees or agents is found to have committed a "major offense," as such term is defined in CME's Rules; (f) CME determines that any material statement by Lead Market Maker in the Bid Sheet is incomplete, not true or not made in good faith at the time the Bid Sheet was submitted, or CME reasonably concludes on the basis of any updated information provided by Lead Market Maker pursuant to Article 6, that Lead Market Maker is no longer suitable to serve as a market maker for the Product; or (g) Lead Market Maker breaches any material provision in this Agreement.
- 7.2. Termination For Convenience.** This Agreement may be terminated by either party for any reason upon 60 days prior written notice to the other party.
- 7.3. Effect of Termination.** If this Agreement is terminated for any of the foregoing reasons, upon the effective date of termination, Lead Market Maker shall no longer be obligated to perform any of the obligations set forth in Article 3 and CME shall be authorized to terminate immediately any and all benefits that may be owed to Lead Market Maker pursuant to Article 4.

8. ADDITIONAL MATERIAL TERMS

- 8.1. Delisting of Product.** If CME, in its sole discretion, delists the Product, it shall provide Lead Market Maker with reasonable advance notice of such decision and such futures contract shall no longer be deemed Product within the meaning of this Agreement following delisting.
- 8.2. Notices.** Any notice required or permitted to be given under this Agreement shall be given by telephone and by facsimile or first-class mail, postage prepaid, and shall be directed as follows:

If to CME:

If to Lead Market Maker:

John Labuszewski
Managing Director
Research & Product Development
Chicago Mercantile Exchange Inc.
20 South Wacker Drive

Chicago, IL 60606

Telephone: (312) 446 - 7499

Facsimile: (312) 930 - 4517

With copy to:

Sayee Srinivasan
Associate Director, Research & Product
Development
Chicago Mercantile Exchange Inc.
20 South Wacker Drive
Chicago, IL 60606

Telephone: 312-454-5205

Facsimile: 312-930-8219

and

Kathleen Cronin
Managing Director, General Counsel &
Corporate Secretary
Chicago Mercantile Exchange Inc.
20 South Wacker Drive
Chicago, IL 60606
Facsimile: (312) 930-3323

8.3. No Third-Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of CME and Lead Market Maker and their respective successors and assigns. Nothing in this Agreement, express or implied, shall give to any other person or entity any benefit or any legal or equitable right or remedy as a third-party beneficiary or otherwise.

8.4. Confidentiality.

8.4.1. *Generally.* CME and Lead Market Maker each acknowledges that it may receive confidential or proprietary information belonging to the other party relating to such party's business or the performance of its obligations hereunder. All such information, together with the terms of this Agreement and all material correspondence or other information exchanged between the parties in connection with the negotiation of this Agreement and the development of the arrangement between them, is collectively referred to in this Agreement as "Confidential Information." Each party agrees to maintain the confidentiality of Confidential Information belonging to the other party, and each party agrees to use such Confidential Information only in connection with the arrangement set forth in this Agreement and for appropriate regulatory and surveillance purposes, as applicable. The requirements of Section 8.4 shall survive the termination of this Agreement for any reason.

- 8.4.2. Exclusions.** Confidential Information shall not include any information that (a) was known to the receiving party prior to its receipt of such information from the disclosing party, or becomes rightfully known to the receiving party other than as a result of the relationship between the parties established by this Agreement, (b) is or becomes public through means not in violation of this Agreement, (c) is disclosed to the receiving party by a third party with the right to so disclose such information without restriction, or (d) is independently developed by the receiving party without use of any confidential or proprietary information of the disclosing party.
- 8.4.3. Disclosures Required by Law.** Notwithstanding anything in this Section 8.4 to the contrary, each party may disclose Confidential Information received by it to the extent required by a valid subpoena or other order of court, law or other regulation, or to the extent required or requested by any governmental or regulatory authority with jurisdiction, or to the extent required by any information sharing agreement with or rule of any self-regulatory body with jurisdiction, provided that, in any such case, (a) the receiving party shall use reasonable efforts to secure confidential treatment of the information so disclosed, and (b) the receiving party shall promptly notify the disclosing party of any such required or requested disclosure so that the disclosing party may seek an appropriate protective order.
- 8.5. Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois (without regard to principles of conflicts of laws).
- 8.6. VENUE.** THE ILLINOIS STATE COURTS LOCATED IN COOK COUNTY, ILLINOIS AND THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS, SHALL HAVE EXCLUSIVE JURISDICTION OVER ANY AND ALL MATTERS RELATING TO THE AGREEMENT, AND (A) EACH OF THE PARTIES HEREBY IRREVOCABLY SUBMITS TO THE PERSONAL JURISDICTION OF SUCH COURTS WITH RESPECT TO SUCH DISPUTES, AND (B) WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY OBJECTION TO VENUE WITH RESPECT TO DISPUTES FILED BEFORE ANY SUCH COURT.
- 8.7. CME RULES; LIMITATION OF LIABILITY.** IN SERVING AS A LEAD MARKET MAKER UNDER THIS AGREEMENT, LEAD MARKET MAKER HEREBY ACKNOWLEDGES AND AFFIRMS THAT IT IS SUBJECT TO THE RULES OF THE CHICAGO MERCANTILE EXCHANGE INC. ("CME'S RULES"), INCLUDING, WITHOUT LIMITATION, CME RULE 578 (LIMITATION OF LIABILITY; NO WARRANTIES). IN THE EVENT OF ANY CONFLICT BETWEEN THIS AGREEMENT AND CME RULES, CME RULES SHALL GOVERN.
- 8.8. Waiver of Compliance.** Any failure of a party to comply with any obligation herein may be expressly waived in writing by the other party to this Agreement, but such waiver or failure to insist upon strict compliance with such obligation shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

- 8.9. Assignment. This Agreement may not be assigned or otherwise transferred in whole or in part by either party hereto without the prior written consent of the other party.
- 8.10. Amendment. No provision of this Agreement may be amended, modified, supplemented or waived, except by an agreement in writing executed and delivered by authorized representatives of both parties.
- 8.11. Entire Agreement. This Agreement constitutes the entire agreement and understanding, and supersedes any and all prior agreements and understandings, whether written or oral, between the Parties with respect to the subject matter hereof.
- 8.12. Counterparts. This Agreement may be executed in one or more counterparts, each of which when so executed shall be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth above.

CHICAGO MERCANTILE EXCHANGE INC.

By: _____

Name: _____

Title: _____

[INSERT NAME OF COMPANY]
("LEAD MARKET MAKER")

By: _____

Name: _____

Title: _____