

June 16, 2003

Ms. Jean Webb
Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, N.W.
Washington, D.C. 20581

Reference File #2324.01
Rule Certification

Dear Ms. Webb:

Pursuant to Commission Rule 40.6, the Chicago Board of Trade (CBOT[®]) hereby submits the following:

- **Regulation changes per the attached texts (additions underlined; deletions bracketed) for CBOT Rulebook Chapters 1 through 5, 7, 9b, m14, m15, 18, m18, 19 through 24, m24, 25 through 28, 35, 36, 43 through 46, 49 through 53, 56, 57 and 58.**

These changes relate to the previously announced Clearing Link between the CBOT and the Chicago Mercantile Exchange, Inc. (CME). The proposed amendments will update relevant terminology principally by replacing references to the “Board of Trade Clearing Corporation” and the “Clearing House” with the more generic term “Clearing Services Provider”.

The CBOT intends to implement these amendments no sooner than one business day following the Commission’s receipt of this filing.

There were no opposing views among the CBOT’s Board of Directors concerning these amendments.

The CBOT certifies that these amendments comply with the Commodity Exchange Act and the rules thereunder.

Sincerely,

Paul J. Draths
Vice President and Secretary

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Additions are underlined; Deletions are [bracketed].

Chapter 1
Government

188.04 Conflicts of Interest -

(a) Relationship with a Named Party in Interest

(1) Nature of Relationship. A member of the Board of Directors, the Executive Committee, the Regulatory Compliance Committee, the Appellate Committee, the Hearing Committee, the Business Conduct Committee, the Floor Governors Committee, the Financial Compliance Committee, or the Floor Conduct Committee must recuse himself from such body's deliberations and voting on any matter involving a person or entity that is identified by name as a subject of the matter ("named party in interest"), except with regard to summary penalties for violating rules relating to decorum, attire, floor recordkeeping or submission of trade data to the Exchange or the Clearing [House] Services Provider, where such member:

- (i) is the named party in interest;
- (ii) has a family relationship with the named party in interest. A family relationship includes the member's spouse, former spouse, parent, child, sibling, grandparent, grandchild, uncle, aunt, nephew, niece or in-law;
- (iii) is an employer, employee, or fellow employee of the named party in interest; or
- (iv) has a direct and substantial financial relationship with the named party in interest, but not including relationships limited to executing futures or options transactions opposite each other.

* * * *

189.01 Limitation of Liability of Index Licensors or Administrators

A. No Index Licensor or Administrator shall have any liability for any loss, damages, claim or expense arising from or occasioned by any inaccuracy, error or delay in, or omission of or from, (i) any index or index information or (ii) the collection, calculation, compilation, maintenance, reporting or dissemination of any index or index information, resulting either from any negligent act or omission by the Exchange, any Related Entity or any Index Licensor or Administrator or from any act, condition or cause beyond the reasonable control of the Exchange, any

Related Entity or any Index Licensor or Administrator, including, but not limited to, flood, extraordinary weather conditions, earthquake or other act of God, fire, war, insurrection, riot, labor dispute, accident, action of government, communications or power failure, or equipment of software malfunction.

- B. No Index Licensor or Administrator makes any express or implied warranty as to results that any person or party may obtain from using any index or index information, for trading or any other purpose. Each Index Licensor and Administrator makes no express or implied warranties, and disclaims all warranties of merchantability or fitness for a particular purpose or use, with respect to any such index or index information.
- C. For purposes of this regulation, "Related Entity" includes, but is not limited to, any subsidiary, affiliate or related partnership or entity of the Board of Trade, including without limitation, Ceres Trading Limited Partnership, [MidAmerica Commodity Exchange, Board of Trade Clearing Corporation], the Exchange's Clearing Services Provider, [the Clearing Corporation for Options and Securities, Chicago Board Brokerage, L.L.C., The CBBB Partnership (including its individual partners)] and C-B-T Corporation.

* * * *

189.02 Limitation of Liability

- A. Neither the Exchange nor any Related Entity shall have any liability for any loss, damages, claim or expense arising from or occasioned by any inaccuracy, error or delay in, or omission of or from[,]; (i) any index or index information or (ii) the collection, calculation, compilation, maintenance, reporting or dissemination of any index or index information, resulting either from any negligent act or omission by the Exchange, any Related Entity or any Index Licensor or Administrator or from any act, condition or cause beyond the reasonable control of the Exchange, any Related Entity or any Index Licensor or Administrator, including, but not limited to, flood, extraordinary weather conditions, earthquake or other act of God, fire, war, insurrection, riot, labor dispute, accident, action of government, communications or power failure, or equipment or software malfunction.

* * * *

- D. For purposes of this regulation, "Related Entity" includes, but is not limited to, any subsidiary, affiliate or related partnership or entity of the Chicago Board of Trade, including without limitation, Ceres Trading Limited Partnership, [MidAmerica Commodity Exchange, Board of Trade Clearing Corporation,] the Exchange's Clearing Services Provider, [the Clearing Corporation for Options and Securities, Chicago Board Brokerage, L.L.C., The CBBB Partnership (including its individual partners)] and C-B-T Corporation.

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Chapter 2 Membership

206.02 Gratuities - No member of the Association shall employ any employee of the Association or of the Clearing [House] Services Provider, for any service outside the hours of regular employment by the Association or such [corporation] Clearing Services Provider, without having first obtained the approval [therefor] of the President of the Exchange or of [said] the Clearing [House] Services Provider, as the case may be, and registering therewith the name of said employee, the nature of the services rendered, and the amount of said compensation.

No member shall give any compensation or gratuity to an employee of the Clearing [House] Services Provider unless the giving of such compensation or gratuity be first submitted in writing to the Clearing [House] Services Provider.

* * * *

230.02 Registration of Membership for Eligible Business Organizations - A member desiring to register his or her membership for an eligible business organization under Rule 230.00 shall submit a statement giving the name of the eligible business organization and the business in which it is engaged. If the eligible business organization is organized as a corporation, the statement must also include the corporation's authorized and outstanding capital stock. The statement must also show that the member is a managerial employee of the eligible business organization and is duly empowered by the eligible business organization to enter into contracts for and on behalf of the eligible business organization. In addition, the statement must designate the type(s) of business activity, as measured by the following list, for which registration is requested:

- (1a) Registered Futures Commission Merchant (“FCM”) – Clearing.
- (1b) Registered FCM – Non-clearing.
- (2a) Non-FCM – Clearing.
- (2b) Non-FCM – Non-clearing.
- (2c) Non-FCM – Non-clearing Associate Member affiliate of another member firm.
- (3) e-cbot member firm.
- (4) Sole Proprietor – Clearing.

If activity level (1a) or (1b) has been designated, the member shall submit the following financial information of the eligible business organization: a certified financial statement prepared by an independent Certified Public Accountant as of the most recent fiscal year end, and a financial statement (which need not be certified) which is current as of the most recent preceding calendar month end. If [any other] activity level (2a), (2b), (2c), or (3) is designated, the member shall submit the following financial information of the eligible business organization: its most recent certified financial statement (if applicable)

and a financial statement (which need not be certified) which is current as of the most recent preceding calendar month end. A member who is applying to be a Sole Proprietor CBOT Clearing Member shall submit a financial statement in the form designated by the Exchange. This financial information is not required if the member is registering for an eligible business organization which already is a registered member firm of the Exchange and is not changing its type of business to (1a) or (1b) from any other type of business.

* * * *

272.02 Deliveries in Bankruptcy Situation -

- (a) For purposes of this Regulation:
- (i) The term "customer" shall mean any person for whom a member carries an Exchange futures contract except a non-public customer as that term is defined in CFTC Regulation 190.01(bb).
 - (ii) The term "debtor" shall mean any member with respect to which an order for relief is entered under the Bankruptcy Code.
 - (iii) The term "order for relief" means the filing of a petition in bankruptcy in a voluntary case and the adjudication of bankruptcy in an involuntary case.
 - (iv) The term "tender" with respect to a notice of delivery shall mean, in the case of a short clearing member that has presented such a notice to the Clearing [House] Services Provider, the assignment of such notice by the Clearing [House] Services Provider to a long clearing member, and, in the case of a long clearing member, the acceptance by such member of such notice from the Clearing [House] Services Provider if such notice is not transferred by such long clearing member within the time permitted under the Rules of the Association or the Clearing [House] Services Provider.
- (b) This Regulation shall apply only in the event and under the circumstances set forth in paragraph (c) hereof, and only in the event that the opposite clearing member referred to in [said] paragraph (c) is not itself a debtor.
- (c) Notwithstanding [A]any provisions of the Exchange Rules or the [Clearing House] policies, Rules or Regulations of the Clearing Services Provider to the contrary [notwithstanding], the requirements set forth in this paragraph (c) shall apply in the event that any member becomes a debtor, and that at that time such member carries for a customer any Exchange futures contract in the current delivery month with respect to which the underlying physical commodity has not become a part of the debtor's estate on the date of the entry of the order for relief, and with respect to which:
- (i) trading has ceased on the date of the entry of the order for relief; or
 - (ii) notice of delivery has been tendered on or before the date of the entry of the order for relief; or
 - (iii) trading ceases before such futures contract can be liquidated by the trustee of the debtor's estate[;].

[then,] In such circumstances, any customer for whose account such member is holding any such futures contract shall make delivery of and receive payment for, or receive delivery of and make payment for, the physical commodity as required to fulfill such contract directly between the customer and the opposite clearing member identified by the Clearing [House] Services Provider as the party to whom delivery should be made or from whom delivery should be taken by such customer, [through and] in accordance with the [bylaws] policies, Rules and Regulations of the Clearing [House,] Services Provider. [and s]Such opposite clearing member shall receive delivery of and make payment for, or make delivery of and receive payment for, such commodity in accordance with the [bylaws] policies, Rules and Regulations of the Clearing [House] Services Provider; provided, however, that nothing contained herein shall prevent such customer and such opposite clearing member from settling any such contract on such terms as may be mutually agreed upon.

* * * *

285.03 Notification of Capital Reductions – Any CBOT Clearing Member, or firm that has been approved to deliver against a CBOT contract, must notify the Exchange in writing within two business days of any event or series of events, including any withdrawal, advance, loan or loss that, on a net basis, causes a twenty percent (20%) or more reduction of its net capital, or in the case of a Sole Proprietor Clearing Member or an agricultural regular firm, its Net Worth, as last reported by submission of a financial statement [or financial questionnaire. Failure to so notify the Financial Compliance Committee shall be considered an act detrimental to the interest and welfare of the Association under Rule 504.00].

285.05 Financial Requirements -

A. All member firms that are registered as Futures Commission Merchants must comply with the requirements set forth in the following CFTC Regulations:

1. 1.10 - Financial reports [of futures commission merchants]; [and]
 - a. In addition to the requirements set forth in CFTC Regulation 1.10, each member FCM [member firm] must [file]:
 1. File with the Exchange unaudited monthly financial statements, including an [A] unaudited [quarterly] monthly financial statement as of the firm's fiscal year-end; and
 2. Submit with the certified year-end financial [report] statement a reconciliation between the certified financial [report] statement and the [quarterly] unaudited [report] monthly financial statement as of the firm's fiscal year end; and
 3. For all financial statement filings, submit a Statement of Income (Loss) for the period between the date of the most recent financial statement or, at the option of the member FCM, the

most recent certified financial statement filed with the Exchange;
and

4. Each member FCM [which also is a member of any other security or commodity exchange or self-regulatory organization or federal agency] must promptly submit to the Exchange, unless specifically exempted, copies of any financial statements (for example, Focus Reports) submitted to any other futures or securities exchange, self-regulatory organization, Clearing Services Provider, or federal government agency [pursuant to the requirements of those exchanges, organizations or agencies].

* * * *

B. For Non-FCM Clearing Member firms, see Appendix 4C. [To be added later.]

C. For Sole Proprietor Clearing Members, see Appendix 4D. [To be added later.]

D. For firms that are regular to deliver agricultural products see Appendix 4E.

E. For firms that are regular to deliver Rough Rice see Appendix 37D.

In addition, any FCMs, Non-FCMs, or Sole Proprietors who are CBOT Clearing Members must comply with any additional minimum financial requirements or financial statement filing requirements imposed on such members by the Exchange, or by the Clearing Services Provider, pursuant to a Clearing Services Agreement.

Exchange staff may grant exceptions to the financial requirements imposed by this Regulation, unless required by the Commodity Futures Trading Commission, for good cause, if it is determined that such exceptions will not jeopardize the financial integrity of the Exchange, or the Clearing Services Provider, as applicable.

Chapter 3

Exchange Floor Operations and Procedures

330.00A Brokers and Clearing Members - Trades between clearing members [of the Clearing House] must be confirmed within one hour by [depositing at the office of the Clearing House a check slip or memorandum giving] providing to the Clearing Services Provider the name of the buyer and seller, the commodity sold, the amount thereof, the delivery month, and the purchase price.

332.02 Trade Data - Each member executing transactions on the Floor of the [e]Exchange shall enter or cause to be entered on the record of those transactions an indicator designating the time bracket within the trading session in which each execution occurred. Each clearing member shall enter only the bracket information submitted to the clearing member by the member executing the trades in the designated form on the record of transactions submitted to the Clearing [House] Services Provider. The brackets and their designations will be as follows:

* * * *

If the member executing the trades does not submit a bracket designation to the clearing member, the clearing member shall enter "?" as the bracket designation when submitting the record of such transaction to the Clearing [House] Services Provider.

332.08 CTR Recordkeeping and Data Entry Requirements - Pursuant to Regulations 332.02, 332.04, 332.041, 332.05, 332.06, [and] 332.07 and 332.09, each member and member firm shall keep, in an accurate and complete manner, all books and records required to be made or maintained under the Rules and Regulations regarding submission of data to the Exchange or the Clearing [Corporation] Services Provider for CTR purposes. All trade data submissions must be done in a correct and timely manner.

Trade data includes, but is not limited to, the time bracket, executing broker, opposite broker, transaction type, customer type indicator ("CTI") code [as defined in CFTC Regulation 1.35 (e)], trade timing and trade sequencing information. **[The brackets in this sentence do not indicate deletions.]**

If the member executing the trade does not provide the required data to the clearing member, the clearing member shall enter "?" as the designation when submitting the record of such transaction to the Clearing [House] Services Provider. If the trade cannot clear without the specific information, it is the clearing [firm] member's obligation to enter a "?" designation and to obtain promptly from the member who executed the trade the complete and correct information concerning the trade.

Chapter 4

Futures Commission Merchant

421.05 Allocation of Exercise Notices - The Clearing [House] Services Provider, in an equitable, random manner, shall assign exercise notices tendered by options purchasers to clearing members holding open short options positions; and each clearing member [and] that is a futures commission merchant, in an equitable, random or proportional manner, shall assign exercise notices it receives on behalf of customer accounts to such customer accounts holding open short options positions.

444.01 Transfer Trades; Exchange of Futures for Physicals and Give-up Transactions - Transfer trades, or office trades, are defined and limited to trades made upon the books of a commission merchant for the purpose of:

- (a) transferring existing trades from one account to another within the same office where no change in ownership is involved; or,

(b) transferring existing trades from the office of one commission merchant to the office of another commission merchant where no change in ownership is involved, provided that no such transfer may be made for the purpose of evading and avoiding delivery on such trades, and provided further, that if such transfer is made after receipt from the Clearing [House] Services Provider of a notice of intention to deliver applicable to such trades, then the notice of intention to deliver must be passed through the Clearing [House] Services Provider along with the trades so transferred, and the Clearing [House] Services Provider shall thereupon pass the notice of intention to deliver to the commission merchant to whom such transfer has been made and delivery shall be taken by such commission merchant; or,

* * * *

Give-up transactions must be transferred in accordance with the procedure provided in subparagraph (h) above. In the case of give-up transactions, the commission merchant ("executing commission merchant") executing a trade on behalf of another commission merchant (the "carrying commission merchant") (including such carrying commission merchant's customers) must submit the trade to the Clearing [House] Services Provider for clearing, and remains responsible for the clearing and settlement of such trade as prescribed by the Clearing [House] Services Provider. Executing commission merchants and carrying commission merchants must utilize an automated invoicing system for commission payments resulting from give-up transactions, as determined by the Board of Directors. Notwithstanding the foregoing, the executing commission merchant, carrying commission merchant and, as applicable, the customer on the account at the carrying commission merchant for which the trade is executed, may by agreement set out their respective obligations and financial responsibility to one another relating to the transfer of the trade.

* * * *

All transfer trades made between the offices of two commission merchants and all office trades made in connection with cash commodity transactions or the exchange of futures for cash commodities or the exchange of futures for, or in connection with, swap transactions involving Dow Jones-AIG Commodity IndexSM futures, 10-Year Municipal Note Index futures, 10-Year Interest Rate Swap futures, 5-Year Interest Rate Swap futures, and Long Term and Medium Term (Fannie Mae[®] Benchmark and Freddie Mac Reference) NoteSM futures, or the exchange of futures for, or in connection with, over-the-counter derivative transactions involving Wheat, Oat and Rice futures shall be designated by proper symbol as transfer or office trades and must be cleared through the Clearing [House] Services Provider in the regular manner.

Transfer trades must be made at the same price or prices which appear on the books of the transferring commission merchant, and the transfer must also show the date when such trade or trades were originally made; provided, however, that those transfers involving a debtor as defined by and in accordance with Regulation 272.02 shall retain the original trade date for purposes of delivery but shall be entered on the books of the transferee at the settlement price on the day of the transfer. In addition, each party to transfer trade transactions shall file with the Clearing [House] Services Provider a

memorandum stating the nature of the transaction, whether the transaction has resulted in a change of ownership, the kind and quantity of cash commodity, swap, or over-the-counter derivative if any is involved, the kind, quantity and price of the commodity future, the name of the opposite Clearing member, if any, and such other information as the Clearing [House] Services Provider may require.

444.02 Clearance of Exchanges of Futures for Physicals Transactions, of Exchanges of Futures for, or in Connection with, Swap or OTC Transactions - With respect to the futures portion of an exchange of futures for physical transaction, or swap transaction involving Dow Jones-AIG Commodity IndexSM futures, 10-Year Municipal Note Index futures, 10-Year Interest Rate Swap futures, 5-Year Interest Rate Swap futures, and Long Term and Medium Term (Fannie Mae[®] Benchmark and Freddie Mac Reference) NoteSM futures, or over-the-counter derivative transaction involving Wheat, Oat or Rice futures, clearing firms on opposite sides of the transaction must subsequently approve the terms of the transaction, including the clearing firm (division), price, quantity, commodity, contract month and date prior to submitting the transaction to the Clearing [House] Services Provider.

465.08 Post-Execution Allocation - All trades entered and executed in accordance with CFTC Regulation 1.35(a-1)(5) regarding orders eligible for post-execution allocation, must be allocated in sufficient time to meet the trade submission requirements of the [Board of Trade] Clearing Services Provider [Corporation trade submission] for the trade date of the order.

Chapter 5

Disciplinary Proceedings

545.04 [Equity Runs] Report Transmission Requirement - Each clearing member shall be required to have the ability to electronically transmit [the complete] any bookkeeping reports [to its Chicago office or] to the [Board of Trade] Clearing Services Provider [Corporation] that are required by such Clearing Services Provider, [by] at such times and in the form and manner designated by the Clearing Services Provider. [8:00 a.m. central time on the day following the report date. The reports must, at a minimum, include the margin equity run, master file of customer account names and addresses, open position listing, day trade listing, cash adjustment sheets, margin call and debit/deficit report.

Chapter 7

Clearing [House, Deposits for Security]

703.00A Office Location and Operation - A CBOT Clearing Member [To be eligible for clearing privileges, an Eligible Business Organization] must[:] [O]operate under the direct supervision of the Sole Proprietor, if it is a Sole Proprietorship, [clearing member, if an individual], or of a member in good standing having full authority to transact

business with the [Clearing House] Exchange and the Clearing Services Provider, for and on behalf of the [c]Clearing [m]Member, including entering into Exchange and members' contracts, if it is an Eligible Business Organization.

Back-office operations may be located outside Chicago provided the [c]Clearing [m]Member, or applicant for clearing membership, meets any systems requirements, documentation and/or agreements as prescribed by [T]the [Chicago Board of Trade] Exchange and [T]the [Board of Trade Clearing Corporation] Clearing Services Provider, in order to ensure that the [c]Clearing [m]Member/applicant will be able to comply with [T]the [Chicago Board of Trade's] Exchange's and [T]the [Board of Trade Clearing Corporation's Bylaws,] Clearing Services Provider's rules, policies and procedures.

[Provided, however, that the Board of Governors of the Clearing House may permit individual members, as well as partnerships and limited liability companies composed only of members, to share office space if they clear only their personal trades and carry no accounts for customers.]

[703.00B Transition Period for Amended Rule 703.00 - Any eligible business organization which is not in compliance with the terms of amended Rule 703.00 on its effective date shall have six (6) months from that date to comply with the terms of the Rule as amended.]

705.01 Reporting (Margins) - A bona fide hedger, in financial instruments, may report positions to the Clearing Services Provider on a gross basis provided appropriate margins are paid during the delivery month, on the gross positions reported, as required by Regulation 431.02.

705.02 Reporting (Offsets) - A bona fide hedger, in financial instruments, reporting consistently on a gross basis under Regulation 705.01 shall, during a delivery month settle gross positions only by offsetting such positions through trades in the pit. During non-delivery months, and not later than three days prior to the first day of the delivery month, gross positions may be offset as provided for in the Rules of the [Association] Exchange.

Chapter 9b
e-cbot

9B.08 Clearing Member Authorization- Each non-clearing member or User who enters transactions through the e-cbot system for contracts which are guaranteed and cleared by the Clearing [House] Services Provider, must obtain authorization from a single clearing member (the "Primary Clearing Member"). The Primary Clearing Member

shall guarantee and assume financial responsibility for all such contracts traded through e-cbot by such non-clearing member or User. A non-clearing member or User must furnish the Exchange with written authorization from the Primary Clearing Member permitting such non-clearing member or User, without qualification, to submit trades effected through the e-cbot system through the Primary Clearing Member. The Primary Clearing Member shall be liable upon all such trades made by the non-clearing member or User and shall be a party to all disputes arising from trades between the authorized non-clearing member or User and another member, member firm or User.

* * * *

9B.21 e-cbot Limitation of Liability- (a) Except in instances where there has been a finding of willful or wanton misconduct, in which case the party found to have engaged in such conduct cannot avail itself of the protections in this provision, neither the Exchange (including its subsidiaries and affiliates), the Clearing [House] Services Provider, Ceres Trading Limited Partnership, Ceres Alliance L.L.C., CBOT/Eurex Alliance L.L.C., Eurex Zurich AG, Eurex Frankfurt AG, Deutsche Borse AG, the Swiss Stock Exchange, Deutsche Borse Systems AG, Liquidity Direct Technology, LLC, members, clearing members, or other persons acting as agents nor any of their officers, directors or employees, shall be liable for any loss, damage or cost (including attorney's fees and court costs), whether direct, indirect, special, incidental, consequential, lost profits or otherwise of any kind, regardless of whether any of them has been advised or is otherwise aware of the possibility of such damages, arising out of the use or performance of the e-cbot system, any component(s) thereof, or any fault, failure, malfunction or other alleged defect in the e-cbot system, including any inability to enter or cancel orders in the e-cbot system, or any fault in delivery, delay, omission, suspension, inaccuracy or termination, or any other cause in connection with the furnishing, performance, maintenance, use of or inability to use all or any part of the e-cbot system, including but not limited to, any failure or delay in transmission of orders or loss of orders resulting from malfunction of the e-cbot system, disruption of common carrier lines, loss of power, acts or failures to act of any third party, natural disasters or any and all other causes.

The foregoing shall apply regardless of whether a claim arises in contract, tort, negligence, strict liability or otherwise. The foregoing limitations are cumulative and shall not limit or restrict the applicability of any other limitation or any rule, regulation or bylaw of the Exchange or the Clearing [House] Services Provider. The foregoing shall include and apply to any action or inaction of any employee or agent of the Electronic Trading Systems Control Center. The foregoing shall not limit the liability of any member, clearing member, or other person acting as agent or any of their respective officers, directors or employees for any act, incident, or occurrence within their control.

There are no express or implied warranties or representations provided by the Exchange (including its subsidiaries and affiliates), the Clearing [House] Services Provider, Ceres Trading Limited Partnership, Ceres Alliance L.L.C., CBOT/Eurex Alliance L.L.C., Eurex Zurich AG, Eurex Frankfurt AG, Deutsche Borse AG, the Swiss Stock Exchange,

Deutsche Borse Systems AG, Liquidity Direct Technology, LLC, members, clearing members, or their agents, relating to the e-cbot system or any Exchange services or facilities used to support the e-cbot system, including, but not limited to, warranties of merchantability and warranties of fitness for a particular purpose or use.

If any of the foregoing limits on the liability of the Exchange (including its subsidiaries and affiliates), the Clearing [House] Services Provider, Ceres Trading Limited Partnership, Ceres Alliance L.L.C., CBOT/Eurex Alliance L.L.C., Eurex Zurich AG, Eurex Frankfurt AG, Deutsche Borse AG, the Swiss Stock Exchange, Deutsche Borse Systems AG, Liquidity Direct Technology, LLC, members, clearing members or other persons acting as agents or any of their officers, directors or employees should be deemed to be invalid, ineffective, or unenforceable and a third party sustains a loss, damage or cost (including attorney's fees and court costs) resulting from use of the e-cbot system, the entire liability of the Exchange (including its subsidiaries and affiliates), the Clearing [House] Services Provider, Ceres Trading Limited Partnership, Ceres Alliance L.L.C., CBOT/Eurex Alliance L.L.C., Eurex Zurich AG, Eurex Frankfurt AG, Deutsche Borse AG, the Swiss Stock Exchange, Deutsche Borse Systems AG, Liquidity Direct Technology, LLC, members, clearing members and their agents or any of their officers, directors or employees shall not exceed the brokerage commissions and any other charges actually paid by the third party for services in connection with the e-cbot trading system.

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Chapter m14
mini-sized New York Silver Futures

m1403.01 Derivative Markets - Settlement prices shall be set in accordance with this regulation consistent with the settlement prices of the primary market. Contract settlement prices shall be set equal to the settlement prices of the corresponding contracts of the primary market for such commodity. Where a particular contract has opened on the Exchange for which the primary market has established no settlement price, the [c]Clearing [house] Services Provider shall set a settlement price consistent with the spread relationships of other contracts; provided, however, that if the contract is not subject to daily price fluctuation limits then the settlement prices shall be set at the fair market value of the contract at the close of trading.

Chapter m15
mini-sized New York Gold Futures

m1503.01 Derivative Markets - Settlement prices shall be set in accordance with this regulation consistent with the settlement prices of the primary market. Contract settlement prices shall be set equal to the settlement prices of the corresponding contracts of the primary market for such commodity. Where a particular contract has opened on

the Exchange for which the primary market has established no settlement price, the [c]Clearing [house] Services Provider shall set a settlement price consistent with the spread relationships of other contracts; provided, however, that if the contract is not subject to daily price fluctuation limits then the settlement prices shall be set at the fair market value of the contract at the close of trading.

Chapter 18

U.S. Treasury Bond Futures

1842.01 Deliveries on Futures Contracts - Deliveries against long term U.S. Treasury bond futures contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Regulation 1880.01) in accordance with Department of the Treasury Circular 300, Subpart O: Book-Entry Procedure. Delivery must be made no later than the last business day of the month. Notice of intention to deliver shall be given to the [Board of Trade] Clearing [Corporation] Services Provider by 8:00 p.m. (Chicago time), or by such other time designated by the [Board of Directors] Exchange, on the second business day preceding delivery day. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. (Chicago time) on delivery day, or by such other time designated by the Exchange. The short Clearing Member must have contract grade U.S. Treasury bonds in place at his bank in acceptable (to his bank) delivery form no later than 10:00 a.m. (Chicago time), or by such other time designated by the Exchange, on delivery day. The short Clearing Member must notify his bank (Regulation 1880.01) to transfer contract grade U.S. Treasury bonds by book-entry to the long Clearing Member's account at the long Clearing Member's bank on a delivery versus payment basis. That is, payment shall not be made until the bonds are delivered. On delivery day, the long Clearing Member must make funds available by 7:30 a.m. (Chicago time), or by such other time designated by the Exchange, and notify his bank (Regulation 1880.01) to accept contract grade U.S. Treasury bonds and to remit federal funds to the short Clearing Member's account at the short Clearing Member's bank (Regulation 1880.01) in payment for delivery of the bonds. Contract grade U.S. Treasury bonds must be transferred and payment must be made before 1:00 p.m. (Chicago time) on delivery day. All deliveries must be assigned by the Clearing [Corporation] Services Provider. Where a futures commission [house] merchant as a clearing member [of the Clearing Corporation] has an interest both long and short for customers on its own books, it must tender to the Clearing [Corporation] Services Provider such notices of intention to deliver as it received from its customers who are short.

1849.03 Seller's Invoice to Buyers - Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing [House] Services Provider shall promptly furnish each issuer the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing [House] Services Provider to each such buyer. Thereupon, sellers (issuers of

delivery notices) shall prepare invoices addressed to their assigned buyers, describing the documents to be delivered to each such buyer. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing [House] Services Provider, and adjusted for applicable interest payments. Such invoices shall be delivered to the Clearing [House] Services Provider by 2:00 p.m., or by such other time designated by the [Board of Directors] Exchange, on the day of intention except on the last intention day of the month, where such invoices shall be delivered to the Clearing [House] Services Provider by 3:00 p.m., or by such other time designated by the [Board of Directors] Exchange. Upon receipt of such invoices, the Clearing [House] Services Provider shall promptly make them available to buyers to whom they are addressed[, by placing them in buyer's mail boxes provided for that purpose in the Clearing House].

1849.04 Payment - Payment shall be made in federal funds. The long obligated to take delivery must take delivery and make payment before 1:00 p.m. on the day of delivery, or by such other time designated by the Exchange, except on banking holidays when delivery must be taken and payment made before 9:30 a.m., or by such other time designated by the Exchange, on the next banking business day. Adjustments for differences between contract prices and delivery prices established by the Clearing [House] Services Provider shall be made with the Clearing [House] Services Provider, in accordance with its [By-laws and Resolutions] rules, policies and procedures.

Chapter m18

CBOT mini-sized U.S. Treasury Bonds

m1803.01 Derivative Markets - Settlement prices shall be set in accordance with this regulation consistent with the settlement prices of the primary market. Contract settlement prices shall be set equal to the settlement prices of the corresponding contracts of the primary market for such commodity. Where a particular contract has opened on the Exchange for which the primary market has established no settlement price, [the manager of] the [c]Clearing [house] Services Provider shall set a settlement price consistent with the spread relationships of other contracts; provided, however, that if the contract is not subject to daily price fluctuation limits then the settlement price shall be set at the fair market value of the contract at the close of trading.

Chapter 19

10-Year Municipal Note Index Futures

1942.01 Delivery on Futures Contracts - Delivery against Index futures contracts shall be made through the Clearing [House] Services Provider. Delivery under these regulations shall be accomplished by cash settlement as hereinafter provided.

After trading ceases on the last day of trading, the Clearing [House] Services Provider shall advise clearing members holding open positions in current month Index futures contracts of the closing value of the Index on the last day of trading. Clearing members shall make and receive payment through the Clearing [House] Services Provider in accordance with normal variation settlement procedures. The settlement price on the last day of trading is equal to \$1,000.00 times the closing value of the Index on the last day of trading.

* * * *

Chapter 20

CBOT X-Fund Futures

2042.01 Delivery on Futures Contracts – Delivery against the CBOT X-Fund futures contract must be made through the Clearing [Corporation] Services Provider. Delivery under these regulations shall be on the final settlement day (as described in Regulation 2042.03) and shall be accomplished by cash settlement as hereinafter provided. Clearing members holding open positions in a CBOT X-Fund futures contract at the time of termination of trading shall make payments to and receive payment through the Clearing [Corporation] Services Provider in accordance with normal variation settlement procedures.

Chapter 21

30-Day Fed Fund Futures

2142.01 Delivery on Futures Contracts - Delivery against 30-Day Fed Fund futures contracts shall be made by cash settlement through the Clearing [House] Services Provider following normal variation margin procedures. The final settlement price will be calculated on the business day that the Federal Reserve Bank of New York releases the overnight Fed funds rate for the last day of trading. The final settlement price shall be 100 minus the average daily Fed funds overnight rate for the delivery month. On the last day of trading open contracts will be marked to market based on the closing futures price. A final mark to market will be made on the day the final settlement price is determined.

Chapter 22

CBOT[®] 30-Day Federal Funds Futures Options

2205.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing [House] Services Provider and by each option

customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.

Chapter 23

Short Term U.S. T-Notes (2-Year)

2342.01 Deliveries on Futures Contracts - Deliveries against short-term U.S. Treasury Notes futures contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Regulation 2380.01) in accordance with Department of Treasury Circular 300, Subpart 0: Book-Entry Procedure. Delivery must be made no later than the last business day of the month. Notice of intention to deliver shall be given to the [Board of Trade] Clearing [Corporation] Services Provider by 8:00 p.m. (Chicago time), or by such other time designated by the [Board of Directors] Exchange, on the second business day preceding delivery day. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. (Chicago time), or by such other time designated by the Exchange, on delivery day. The short Clearing Member must have contract grade U.S. Treasury notes at his bank in acceptable (to his bank) delivery form by 10:00 a.m. (Chicago time) on delivery day, or by such other time designated by the Exchange. The short Clearing Member must notify his bank (Regulation 2380.01) to transfer contract grade U.S. Treasury notes by book-entry to the long Clearing Member's account on a delivery versus payment basis. That is, payment shall not be made until the notes are delivered. On delivery day, the long Clearing Member must make funds available by 7:30 a.m. (Chicago time), or by such other time designated by the Exchange, and notify his bank (Regulation 2380.01) to accept contract grade U.S. Treasury notes and to remit federal funds to the short Clearing Members' account at the short Clearing Member's bank (Regulation 2380.01) in payment for delivery of the notes. Contract grade U.S. Treasury notes must be transferred and payment must be made before 1:00 p.m. (Chicago time), or by such other time designated by the Exchange, on delivery day. All deliveries must be assigned by the Clearing [Corporation] Services Provider. Where a futures commission [house] merchant as a clearing member [of the Clearing Corporation] has an interest both long and short for customers on its own books, it must tender to the Clearing [Corporation] Services Provider such notices of intention to deliver as it received from its customers who are short.

2349.03 Seller's Invoice to Buyers - Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing [House] Services Provider shall promptly furnish each issuer the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing [House] Services Provider to each such buyer. Thereupon, sellers (issuers of delivery notices) shall prepare invoices addressed to their assigned buyers, describing the documents to be delivered to each such buyer. Such invoices shall show the amount

which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing [House] Services Provider, and adjusted for applicable interest payments. Such invoices shall be delivered to the Clearing [House] Services Provider by 2:00 p.m., or by such other time designated by the [Board of Directors] Exchange, on the day of intention except on the last intention day of the month, where such invoices shall be delivered to the Clearing [House] Services Provider by 3:00 p.m., or by such other time designated by the [Board of Directors] Exchange. Upon receipt of such invoices, the Clearing [House] Services Provider shall promptly make them available to buyers to whom they are addressed[, by placing them in buyers' mail boxes provided for that purpose in the Clearing House].

2349.04 Payment - Payment shall be made in federal funds. The long obligated to take delivery must take delivery and make payments before 1:00 p.m. on the day of delivery, or by such other time designated by the Exchange, except on banking holidays when delivery must be taken and payment made before 9:30 a.m., or such other time designated by the Exchange, on the next banking business day. Adjustments for differences between contract prices and delivery prices established by the Clearing [House] Services Provider shall be made with the Clearing [House] Services Provider in accordance with its [by-laws and resolutions] rules, policies and procedures.

Chapter 24

Long-Term T-Notes (61/2 - 10 Year)

2442.01 Deliveries of Futures Contracts - Deliveries against long term U.S. Treasury Note futures contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Regulation 2480.01) in accordance with Department of Treasury Circular 300, Subpart O: Book-Entry Procedure. Delivery must be made no later than the last business day of the month. Notice of intention to deliver shall be given to the [Board of Trade] Clearing [Corporation] Services Provider by 8:00 p.m. (Chicago time), or by such other time designated by the [Board of Directors] Exchange, on the second business day preceding delivery day. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. (Chicago time), or by such other time designated by the Exchange, on delivery day. The short Clearing Member must have contract grade U.S. Treasury notes in place at his bank in acceptable (to his bank) delivery form no later than 10:00 a.m. (Chicago time), or by such other time designated by the Exchange, on delivery day. The short Clearing Member must notify his bank (Regulation 2480.01) to transfer contract grade U.S. Treasury notes by book-entry to the long Clearing Member's account at the long Clearing Member's bank on a delivery versus payment basis. That is, payment shall not be made until the notes are delivered. On delivery day, the long Clearing Member must make funds available by 7:30 a.m. (Chicago time), or by such other time designated by the Exchange, and notify his bank (Regulation 2480.01) to accept contract

grade U.S. Treasury notes and to remit federal funds to the short Clearing Member's account at the short Clearing Member's bank (Regulation 2480.01) in payment for delivery of the notes. Contract grade U.S. Treasury notes must be transferred and payment must be made before 1:00 p.m. (Chicago time), or by such other time designated by the Exchange, on delivery day. All deliveries must be assigned by the Clearing [Corporation] Services Provider. Where a futures commission [house] merchant as a clearing member [of the Clearing Corporation] has an interest both long and short for customers on its own books, it must tender to the Clearing [Corporation] Services Provider such notices of intention to deliver as it received from its customers who are short.

2449.03 Sellers Invoice to Buyers- Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing [House] Services Provider shall promptly furnish each issuer the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing [House] Services Provider to each such buyer. Thereupon, sellers (issuers of delivery notices) shall prepare invoices addressed to their assigned buyers describing the documents to be delivered to each such buyer. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing [House] Services Provider, and adjusted for applicable interest payments. Such invoices shall be delivered to the Clearing [House] Services Provider by 2:00 p.m., or by such other time designated by the [Board of Directors] Exchange, on the day of intention except on the last intention day of the month, where such invoices shall be delivered to the Clearing [House] Services Provider by 3:00 p.m., or by such other time designated by the [Board of Directors] Exchange. Upon receipt of such invoices, the Clearing [House] Services Provider shall promptly make them available to buyers to whom they are addressed[, by placing them in buyer's mail boxes provided for that purpose in the Clearing House].

2449.04 Payment- Payment shall be made in federal funds. The long obligated to take delivery must take delivery and make payment before 1:00 p.m. on the day of delivery, or by such other time designated by the Exchange, except on banking holidays when delivery must be taken and payment made before 9:30 a.m., or by such other time designated by the Exchange, on the next business day. Adjustments for differences between contract prices and delivery prices established by the Clearing [House] Services Provider shall be made with the Clearing [House] Services Provider in accordance with its [by-laws and resolutions] rules, policies and procedures.

Chapter m24
CBOT mini-sized Long Term U.S. Treasury Notes

m2403.02 Derivative Markets - Settlement prices shall be set in accordance with this regulation consistent with the settlement prices of the primary market. Contract

settlement prices shall be set equal to the settlement prices of the corresponding contracts of the primary market for such commodity. Where a particular contract has opened on the Exchange for which the primary market has established no settlement price, [the manager of] the C[c]learing [house] Services Provider shall set a settlement price consistent with the spread relationships of other contracts; provided, however, that if the contract is not subject to daily price fluctuation limits then the settlement price shall be set at the fair market value of the contract at the close of trading.

Chapter 25

Medium Term U.S. Treasury Notes (5 Year)

2542.01 Deliveries on Futures Contracts - Deliveries against medium term U.S. Treasury Note futures contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Regulation 2580.01) in accordance with Department of Treasury Circular 300, Subpart O: Book-Entry Procedure. Delivery must be made no later than the last business day of the month. Notice of intention to deliver shall be given to the [Board of Trade] Clearing [Corporation] Services Provider by 8:00 p.m. (Chicago time), or by such other time designated by the [Board of Directors] Exchange, on the second business day preceding delivery day. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. (Chicago time), or by such other time designated by the Exchange, on delivery day. The short Clearing Member must have contract grade U.S. Treasury notes at his bank in acceptable (to his bank) delivery form by 10:00 a.m. (Chicago time), or by such other time designated by the Exchange, on delivery day. The short Clearing Member must notify his bank (Regulation 2580.01) to transfer contract grade U.S. Treasury notes by book-entry to the long Clearing Member's account on a delivery versus payment basis. That is, payment shall not be made until the notes are delivered. On delivery day, the long Clearing Member must make funds available by 7:30 a.m. (Chicago time), or by such other time designated by the Exchange, and notify his bank (Regulation 2580.01) to accept contract grade U.S. Treasury notes and to remit federal funds to the short Clearing Member's account at the short Clearing Member's bank (Regulation 2580.01) in payment for delivery of the notes. Contract grade U.S. Treasury notes must be transferred and payment must be made before 1:00 p.m. (Chicago time), or by such other time designated by the Exchange, on delivery day. All deliveries must be assigned by the Clearing [Corporation] Services Provider. Where a futures commission [house] merchant as a clearing member [of the Clearing Corporation] has an interest both long and short for customers on its own books, it must tender to the Clearing [Corporation] Services Provider such notices of intention to deliver as it received from its customers who are short.

2549.03 Seller's Invoice to Buyers - Upon determining the buyers obligated to accept

deliveries tendered by issuers of delivery notices, the Clearing [House] Services Provider shall promptly furnish each issuer the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing [House] Services Provider to each such buyer. Thereupon, sellers (issuers of delivery notices) shall prepare invoices addressed to their assigned buyers, describing the documents to be delivered to each such buyer. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing [House] Services Provider, and adjusted for applicable interest payments. Such invoices shall be delivered to the Clearing [House] Services Provider by 2:00 p.m., or by such other time designated by the [Board of Directors] Exchange, on the day of intention except on the last intention day of the month, where such invoices shall be delivered to the Clearing [House] Services Provider by 3:00 p.m., or by such other time designated by the [Board of Directors] Exchange. Upon receipt of such invoices, the Clearing [House] Services Provider shall promptly make them available to buyers to whom they are addressed[, by placing them in buyer's mail boxes provided for that purpose in the Clearing House].

2549.04 Payment - Payment shall be made in federal funds. The long obligated to take delivery must take delivery and make payment before 1:00 p.m. on the day of delivery, or by such other time designated by the Exchange, except on banking holidays when delivery must be taken and payment made before 9:30 a.m., or by such other time designated by the Exchange, on the next banking business day. Adjustments for differences between contract prices and delivery prices established by the Clearing [House] Services Provider shall be made with the Clearing [House] Services Provider in accordance with its [by-laws and resolutions] rules, policies and procedures.

Chapter 26

mini-sized Three-Month Eurodollar Time Deposits

2603.01 Derivative Markets - Settlement prices shall be set in accordance with this regulation consistent with the settlement prices of the primary market. Contract settlement prices therein shall be set equal to the settlement prices of the corresponding contracts of the primary market for such commodity. Where a particular contract has opened on the Exchange for which the primary market has established no settlement price, the [manager of the] C[learing] [house] Services Provider shall set a settlement price consistent with the spread relationships of other contracts; provided, however, that if the contract is not subject to daily price fluctuation limits then the settlement price shall be set at the fair market value of the contract at the close of trading.

2636.01 Standards - Each contract which is not offset prior to the expiration of trading shall be offset with the [c] Clearing [house] Services Provider on the second London bank business day immediately preceding the third Wednesday of the contract month at a settlement price established by the International Monetary Market for

settlement of its corresponding expiring Three-Month Eurodollar Time Deposits futures contract. If the foregoing date for cash settlement is an Exchange holiday, each contract which is not offset prior to the expiration of trading shall be offset with the [c]Clearing [house] Services Provider on the next succeeding Exchange business day.

2642.01 Deliveries of Futures Contracts - Deliveries against mini-sized Eurodollar futures contracts must be made through the Clearing [Corporation] Services Provider. Delivery under these regulations shall be made on settlement day and shall be accomplished by cash settlement as hereinafter provided.

The Clearing [Corporation] Services Provider will advise clearing members holding open positions in mini-sized Eurodollar futures contracts deliverable in the current month of the final settlement price established for that month, as soon as practicable on settlement day. Clearing members shall then make payment to and receive payment through the Clearing [Corporation] Services Provider in accordance with normal variation settlement procedures, based on the settlement price.

Chapter 27a **(Standard Options) Long Term T Note Options**

A2705.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing [House] Services Provider and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.

Chapter 27b **(Flexible Options) Long Term T Note Flexible Options**

B2707.01 Exercise of Flexible Options - Notification of the intent to exercise a flexible option must be received by the Clearing [Corporation] Services Provider by 4:10 p.m. Chicago time, or by such other time designated by the [Board of Directors] Exchange. No exceptions to the 4:10 p.m. exercise deadline, or such other deadline designated by the [Board of Directors] Exchange, shall be permitted.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2702.03 will follow expiration and exercise procedures as specified in the standard option regulations.

B2707.02 Automatic Exercise - After the close on the last day of trading, all in-the-

money flexible options will be automatically exercised unless notice to cancel automatic exercise is given to the Clearing [Corporation] Services Provider by 4:10 p.m., or by such other time designated by the [Board of Directors] Exchange, on that day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2702.03 will follow expiration and exercise procedures as specified in the standard option regulations.

Chapter 28a
(Standard Options) T-Bond Futures Options

A2805.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing [House] Services Provider and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.

Chapter 28b
(Flexible Options) Treasury Bond Flexible Options

B2807.01 Exercise of Flexible Options - Notification of the intent to exercise a flexible option must be received by the Clearing [Corporation] Services Provider by 4:10 p.m. Chicago time, or by such other time designated by the [Board of Directors] Exchange. No exceptions to the 4:10 p.m. exercise deadline, or such other deadline designated by the [Board of Directors] Exchange, shall be permitted.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2802.03 will follow expiration and exercise procedures as specified in the standard option regulations.

B2807.02 Automatic Exercise - After the close on the last day of trading, all in-the-money flexible options will be automatically exercised unless notice to cancel automatic exercise is given to the Clearing [Corporation] Services Provider by 4:10 p.m., or by such other time designated by the [Board of Directors] Exchange, on that day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 2802.03 will follow expiration and exercise procedures as specified in the standard option regulations.

Chapter 35a
(Standard Options) Medium Term U.S. T Note Futures Options

A3505.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing [House] Services Provider and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.

Chapter 35b
(Flexible Options) Medium Term T Note Flexible Options

B3507.01 Exercise of Flexible Options - Notification of the intent to exercise a flexible option must be received by the Clearing [Corporation] Services Provider by 4:10 p.m. Chicago time, or by such other time designated by the [Board of Directors] Exchange. No exceptions to the 4:10 p.m. exercise deadline, or such other deadline designated by the [Board of Directors] Exchange, shall be permitted.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3502.03 will follow expiration and exercise procedures as specified in the standard option regulations.

B3507.02 Automatic Exercise - After the close on the last day of trading, all in-the-money flexible options will be automatically exercised unless notice to cancel automatic exercise is given to the Clearing [Corporation] Services Provider by 4:10 p.m., or by such other time designated by the [Board of Directors] Exchange, on that day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3502.03 will follow expiration and exercise procedures as specified in the standard option regulations.

Chapter 36a
(Standard Options) Short Term U.S. T Note Futures Options

A3605.01 Payment of Option Premium - The option premium must be paid in full by

each clearing member to the Clearing [House] Services Provider and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.

Chapter 36b
(Flexible Options) Short Term T Note Flexible Options

B3607.01 Exercise of Flexible Options - Notification of the intent to exercise a flexible option must be received by the Clearing [Corporation] Services Provider by 4:10 p.m. Chicago time, or by such other time designated by the [Board of Directors] Exchange. No exceptions to the 4:10 p.m. exercise deadline, or such other deadline designated by the [Board of Directors] Exchange, shall be permitted.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3602.03 will follow expiration and exercise procedures as specified in the standard option regulations.

B3607.02 Automatic Exercise - After the close on the last day of trading, all in-the-money flexible options will be automatically exercised unless notice to cancel automatic exercise is given to the Clearing [Corporation] Services Provider by 4:10 p.m., or by such other time designated by the [Board of Directors] Exchange, on that day.

However, options which meet the criteria given in the second paragraph of Flexible Option Regulation 3602.03 will follow expiration and exercise procedures as specified in the standard option regulations.

The [c]Clearing [house] Services Provider shall assign such a notice promptly and at random to a clearing member carrying a short position in the option series. Said clearing member in turn shall assign such notice to accounts with an open short option position in a fair and non-preferred manner in accordance with written procedures. By the opening of the next trading session, in the case of a call option, the writer shall sell to the holder by book entry the underlying futures contract at the contracted striking price. In the case of a put option, the writer shall buy from the holder by book entry the underlying futures contract at the contracted striking price. Thenceforth, the writer and the holder assume the rights and obligations associated with their respective positions in the underlying futures contract.

Chapter 43
CBOT Dow Jones Industrial Average Index Futures

4342.01 Delivery on Futures Contracts - Delivery against the CBOT Dow Jones Industrial AverageSM Index Futures contract must be made through the Clearing [Corporation] Services Provider. Delivery under these regulations shall be on the final settlement day (as described in regulation 4342.03) and shall be accomplished by cash settlement as hereinafter provided.

Clearing members holding open positions in a CBOT Dow Jones Industrial AverageSM Index futures contract at the time of termination of trading shall make payment to and receive payment through the Clearing [Corporation] Services Provider in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Regulation 4342.02).

Chapter 44

CBOT Dow Jones Industrial Average Index Futures Options

4405.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing [House] Services Provider and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.

4407.01 Exercise of Option - The buyer of a CBOT Dow Jones Industrial AverageSM Index futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing [Corporation] Services Provider by 6:00 p.m., or by such other time designated by the [Board of Directors] Exchange, on such day.

4407.02 Automatic Exercise - Notwithstanding the provisions of Regulation 4407.01, for options with quarterly expirations, all in-the-money¹ options shall be automatically exercised after 6:00 p.m. on the business day following the last day of trading, or such other time designated by the Exchange, unless notice to cancel automatic exercise is given to the Clearing [Corporation] Services Provider. Notwithstanding the provisions of Regulation 4407.01, for options with non-quarterly expirations, all in-the-money options shall be automatically exercised after 6:00 p.m. on the last day of trading, or such other time designated by the Exchange, unless notice to cancel automatic exercise is given to the Clearing [Corporation] Services Provider.

¹ An option is in-the-money if the settlement price of the underlying futures contract is less in the case of a put, or greater in the case of a call than the exercise price for the option.

For options with quarterly expirations, notice to cancel automatic exercise shall be given to the Clearing [Corporation] Services Provider by 6:00 p.m., or by such other time designated by the [Board of Directors] Exchange, on the business day following the last day of trading. For options with non-quarterly expirations, notice to cancel automatic exercise shall be given to the Clearing [Corporation] Services Provider by 6:00 p.m., or by such other time designated by the [Board of Directors] Exchange, on the last day of trading.

Chapter 45

Long Term Agency Notes

4549.03 Seller's Invoice to Buyers - Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing [House] Services Provider shall promptly furnish each issuer the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing [House] Services Provider to each such buyer. Thereupon, sellers (issuers of delivery notices) shall prepare invoices addressed to their assigned buyers describing the documents to be delivered to each such buyer. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing [House] Services Provider, and adjusted for applicable interest payments. Such invoices shall be delivered to the Clearing [House] Services Provider by 2:00 p.m. (Chicago time), or by such other time designated by the [Board of Directors] Exchange, on the day of intention except on the last intention day of the month, where such invoices shall be delivered to the Clearing [House] Services Provider by 3:00 p.m. (Chicago time), or by such other time designated by the [Board of Directors] Exchange. Upon receipt of such invoices, the Clearing [House] Services Provider shall promptly make them available to buyers to whom they are addressed[, by placing them in buyers' mail boxes provided for that purpose in the Clearing House].

4549.04 Payment - Payment shall be made in federal funds. The long obligated to take delivery must take delivery and make payment before 1:00 p.m. (Chicago time) on the day of delivery, or by such other time designated by the Exchange, except on banking holidays when delivery must be taken and payment made before 9:30 a.m. (Chicago time), or by such other time designated by the Exchange, on the next business day. Adjustments for differences between contract prices and delivery prices established by the Clearing [House] Services Provider shall be made with the Clearing [House] Services Provider in accordance with its [by-laws and resolutions] rules, policies and procedures.

4542.01 Deliveries of Futures Contracts - Deliveries against Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contracts shall be by book-entry

transfer between accounts of Clearing Members at qualified banks (Regulation 4580.01) in accordance with Department of Housing and Urban Development Title 24 CFR Part 81. Delivery must be made no earlier than the first business day of the month and no later than the last business day of the month. Notice of intention to deliver shall be given to the [Board of Trade] Clearing [Corporation] Services Provider by 8:00 p.m. (Chicago time), or by such other time designated by the [Board of Directors] Exchange, on the second business day preceding delivery day. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. (Chicago time), or by such other time designated by the Exchange, on delivery day. The short Clearing Member must have contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes in place at his bank in acceptable (to his bank) delivery form no later than 10:00 a.m. (Chicago time), or by such other time designated by the Exchange, on delivery day. The short Clearing Member must notify his bank (Regulation 4580.01) to transfer contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes by book-entry to the long Clearing Member's account at the long Clearing Member's bank on a delivery versus payment basis. That is, payment shall not be made until the notes are delivered. On delivery day, the long Clearing Member must make funds available by 7:30 a.m. (Chicago time), or by such other time designated by the Exchange, and notify his bank (Regulation 4580.01) to accept contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes and to remit federal funds to the short Clearing Member's account at the short Clearing Member's bank (Regulation 4580.01) in payment for delivery of the notes. Contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes must be transferred and payment must be made before 1:00 p.m. (Chicago time), or by such other time designated by the Exchange, on delivery day. All deliveries must be assigned by the Clearing [Corporation] Services Provider. Where a futures commission [house] merchant as a clearing member [of the Clearing Corporation] has an interest both long and short for customers on its own books, it must tender to the Clearing [Corporation] Services Provider such notices of intention to deliver as it received from its customers who are short.

Chapter 46A

Long Term Fannie Mae and Freddie Mac Note Options

A4605.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing [House] Services Provider and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.

Chapter 49

10-Year Interest Rate Swap Futures

4942.01 Delivery on Futures Contracts - Delivery against 10-Year Interest Rate Swap futures contracts shall be made by cash settlement through the Clearing [House] Services Provider following normal variation margin procedures. Generally, final settlement value (defined below) shall be calculated on the last day of trading after Reuters has published the ISDA Benchmark** for the last day of trading. Generally, such publications will occur at 11:30 a.m. New York time on the last day of trading. For exceptions to this, see 4936.01.

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Chapter 50

10-Year Interest Rate Swap Futures Options

5005.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing [House] Services Provider and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.

Chapter 51

5-Year Interest Rate Swap Futures

5142.01 Delivery on Futures Contracts - Delivery against 5-Year Interest Rate Swap futures contracts shall be made by cash settlement through the Clearing [House] Services Provider following normal variation margin procedures. Generally, final settlement value (defined below) shall be calculated on the last day of trading after Reuters has published the ISDA Benchmark** for the last day of trading. Generally, such publications will occur at 11:30 a.m. New York time on the last day of trading. For exceptions to this, see 5136.01.

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** ISDA Benchmark mid-market par swap rates collected at 11:00 a.m. by Reuters Limited and Garban Intercapital plc and published on Reuters page ISDAFIX1. Source: Reuters Limited.

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Chapter 52
5-Year Interest Rate Swap Futures Options

5205.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing [House] Services Provider and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.

Chapter 53
CBOT mini-sized Dow Futures (\$5 Multiplier)

5342.01 Delivery on Futures Contracts - Delivery against the CBOT[®] mini-sized DowSM futures (\$5 multiplier) contract must be made through the Clearing [Corporation] Services Provider. Delivery under these regulations shall be on the final settlement day (as described in regulation 5342.03) and shall be accomplished by cash settlement as hereinafter provided.

Clearing members holding open positions in a CBOT[®] mini-sized DowSM futures (\$5 multiplier) contract at the time of termination of trading shall make payment to and receive payment through the Clearing [Corporation] Services Provider in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Regulation 5342.02).

Chapter 56
CBOT Dow Jones-AIG Commodity Index Futures

5642.01 Delivery on Futures Contracts - Delivery against the CBOT Dow Jones-AIG Commodity IndexSM futures contracts must be made through the Clearing [Corporation] Services Provider. Delivery under these regulations shall be on the final settlement day (as described in regulation 5642.03) and shall be accomplished by cash settlement as hereinafter provided.

Clearing members holding open positions in a CBOT Dow Jones-AIG Commodity IndexSM futures contract at the time of termination of trading shall make payment to and receive payment through the Clearing [Corporation] Services Provider in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Regulation 5642.02).

Chapter 57

Medium-Term Fannie Mae and Freddie Mac Notes

5742.01 Deliveries of Futures Contracts - Deliveries against Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Regulation 5780.01) in accordance with Department of Housing and Urban Development Title 24 CFR Part 81. Delivery must be made no earlier than the first business day of the month and no later than the last business day of the month. Notice of intention to deliver shall be given to the [Board of Trade] Clearing [Corporation] Services Provider by 8:00 p.m. (Chicago time), or by such other time designated by the [Board of Directors] Exchange, on the second business day preceding delivery day. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. (Chicago time), or by such other time designated by the Exchange, on delivery day. The short Clearing Member must have contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes in place at his bank in acceptable (to his bank) delivery form no later than 10:00 a.m. (Chicago time), or by such other time designated by the Exchange, on delivery day. The short Clearing Member must notify his bank (Regulation 5780.01) to transfer contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes by book-entry to the long Clearing Member's account at the long Clearing Member's bank on a delivery versus payment basis. That is, payment shall not be made until the notes are delivered. On delivery day, the long Clearing Member must make funds available by 7:30 a.m. (Chicago time), or by such other time designated by the Exchange, and notify his bank (Regulation 5780.01) to accept contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes and to remit federal funds to the short Clearing Member's account at the short Clearing Member's bank (Regulation 5780.01) in payment for delivery of the notes. Contract grade Fannie Mae Benchmark Notes or Freddie Mac Reference Notes must be transferred and payment must be made before 1:00 p.m. (Chicago time), or by such other time designated by the Exchange, on delivery day. All deliveries must be assigned by the Clearing [Corporation] Services Provider. Where a futures commission [house] merchant as a clearing member [of the Clearing Corporation] has an interest both long and short for customers on its own books, it must tender to the Clearing [Corporation] Services Provider such notices of intention to deliver as it received from its customers who are short.

5749.03 Seller's Invoice to Buyers - Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing [House] Services Provider shall promptly furnish each issuer the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing [House] Services Provider to each such buyer. Thereupon, sellers (issuers of delivery notices) shall prepare invoices addressed to their assigned buyers describing the documents to be delivered to each such buyer. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing [House] Services Provider, and adjusted for applicable interest

payments. Such invoices shall be delivered to the Clearing [House] Services Provider by 2:00 p.m. (Chicago time), or by such other time designated by the [Board of Directors] Exchange, on the day of intention except on the last intention day of the month, where such invoices shall be delivered to the Clearing [House] Services Provider by 3:00 p.m. (Chicago time), or by such other time designated by the [Board of Directors] Exchange. Upon receipt of such invoices, the Clearing [House] Services Provider shall promptly make them available to buyers to whom they are addressed[, by placing them in buyers' mail boxes provided for that purpose in the Clearing House].

5749.04 Payment - Payment shall be made in federal funds. The long obligated to take delivery must take delivery and make payment before 1:00 p.m. (Chicago time) on the day of delivery, or by such other time designated by the Exchange, except on banking holidays when delivery must be taken and payment made before 9:30 a.m. (Chicago time), or by such other time designated by the Exchange, on the next business day. Adjustments for differences between contract prices and delivery prices established by the Clearing [House] Services Provider shall be made with the Clearing [House] Services Provider in accordance with its [by-laws and resolutions] rules, policies and procedures.

Chapter 58a

Medium-Term Fannie Mae and Freddie Mac Note Options

A5805.01 Payment of Option Premium - The option premium must be paid in full by each clearing member to the Clearing [House] Services Provider and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.