

RECEIVED  
C.F.T.C.

2004 JAN 14 PM 5:08

January 14, 2004

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

Reference File # 2408.01  
Rule Certification

Dear Ms. Webb:

Pursuant to Commission Regulation 40.6, the Chicago Board of Trade (CBOT<sup>®</sup>) hereby submits the following:

- **Amendments to Regulations B2807.01, B2807.02, B2808.01, B2707.01, B2707.02, B2708.01, B3507.01, B3507.02, B3508.01, B3607.01, B3607.02 and B3608.01 per the attached texts (additions underlined; deletions struck through).**

For CBOT Flexible Treasury Bond and Treasury Note Options contracts, the referenced amendments reflect revised option exercise deadlines and expiration times established in connection with the current Chicago Mercantile Exchange (CME)/CBOT Common Clearing Link.

The CBOT intends to implement these amendments one day after 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 conform with the Commodity Exchange Act and the rules thereunder.

Sincerely,

Paul J. Draths  
Vice President and Secretary

b011304

(Additions are underlined; deletions are struck through.)

## Proposed Changes to the Treasury Bond Flexible Options Contract

**B2807.01**     **Exercise of Flexible Options** - Notification of the intent to exercise a flexible option must be received by the Clearing Services Provider by ~~4:10~~ 6:00 p.m. Chicago time, or by such other time designated by the Exchange. No exceptions to the ~~4:10~~ 6:00 p.m. exercise deadline, or such other deadline designated by the 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 Services Provider by ~~4:10~~ 6:00 p.m., or by such other time designated by the Exchange on that day.

**B2808.01**     **Expiration Date** - Flexible option expiration may be specified for any Monday through Friday that is not an Exchange holiday except that expiration may not occur following the last Friday that precedes by at least two business days the last business day of the calendar month preceding the underlying futures contract month. Flexible options expire at ~~4:30~~ 7:00 p.m. on the last trading 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.

**Proposed Changes to the 10-Year  
Treasury Note Flexible Options Contract**

(Additions are underlined; deletions are ~~struck through~~.)

**B2707.01**     **Exercise of Flexible Options** - Notification of the intent to exercise a flexible option must be received by the Clearing Services Provider by ~~4:40~~ 6:00 p.m. Chicago time, or by such other time designated by the Exchange. No exceptions to the ~~4:40~~ 6:00 p.m. exercise deadline, or such other deadline designated by the 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 Services Provider by ~~4:40~~ 6:00 p.m., or by such other time designated by the Exchange on that day.

**B2708.01**     **Expiration Date** - Flexible option expiration may be specified for any Monday through Friday that is not an Exchange holiday except that expiration may not occur following the last Friday that precedes by at least two business days the last business day of the calendar month preceding the underlying futures contract month. Flexible options expire at ~~4:30~~ 7:00 p.m. on the last trading 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.

**Proposed Changes to the 5-Year  
Treasury Note Flexible Options Contract**

(Additions are underlined; deletions are ~~struck through~~.)

**B3507.01**     **Exercise of Flexible Options** - Notification of the intent to exercise a flexible option must be received by the Clearing Services Provider by ~~4:10~~ 6:00 p.m. Chicago time, or by such other time designated by the Exchange. No exceptions to the ~~4:10~~ 6:00 p.m. exercise deadline, or such other deadline designated by the 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 Services Provider by ~~4:10~~ 6:00 p.m., or by such other time designated by the Exchange on that day.

**B3508.01**     **Expiration Date** - Flexible option expiration may be specified for any Monday through Friday that is not an Exchange holiday except that expiration may not occur following the last Friday that precedes by at least two business days the last business day of the calendar month preceding the underlying futures contract month. Flexible options expire at ~~4:30~~ 7:00 p.m. on the last trading 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.

**Proposed Changes to the 2-Year  
Treasury Note Flexible Options Contract**

(Additions are underlined; deletions are ~~struck through~~.)

**B3607.01**     **Exercise of Flexible Options** - Notification of the intent to exercise a flexible option must be received by the Clearing Services Provider by ~~4:40~~ 6:00 p.m. Chicago time, or by such other time designated by the Exchange. No exceptions to the ~~4:40~~ 6:00 p.m. exercise deadline, or such other deadline designated by the 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.

**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 Services Provider by ~~4:40-6:00~~ p.m., or by such other time designated by the Exchange on that day.

**B3608.01**     **Expiration Date** - Flexible option expiration may be specified for any Monday through Friday that is not an Exchange holiday except that expiration may not occur following the last Friday that precedes by at least two business days the last business day of the calendar month preceding the underlying futures contract month. Flexible options expire at ~~4:30~~ 7:00 p.m. on the last trading 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.