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March 24, 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 #2439.02  
Rule Certification

Dear Ms. Webb:

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

- **Amendments to Regulations XX01.01 through XX09.01, XX36.01 and XX42.01 per the attached texts (additions underlined; deletions struck through) for When Issued 2-Year U.S. Treasury Note futures.**

The referenced revisions will clarify the definition of last trading day, reference yield and delivery grade in the event that the U.S. Treasury cancels or postpones a regularly scheduled auction relevant to this contract. In addition, the revisions will modify the contract name.

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

There were no opposing views among the CBOT's Board of Directors regarding 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 **boldface and underlined**. Deletions are **~~boldface and struck through~~**.

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## Chapter XX

# WI 2-Year U.S. Treasury Note Futures

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### ChXX Trading Conditions

**XX01.01 Authority** - Trading in When Issued (WI) 2-Year U.S. Treasury Note futures may be conducted under such terms and conditions as may be prescribed by regulation.

**XX02.01 Application of Regulations** - Transactions in WI 2-Year U.S. Treasury Note futures shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in WI 2-Year U.S. Treasury Note futures. WI 2-Year U.S. Treasury Note futures are listed for trading by the Exchange pursuant to Commodity Futures Trading Commission exchange certification procedures.

**XX04.01 Unit of Trading** - The unit of trading for a WI 2-Year U.S. Treasury Note futures contract shall be \$500,000 notional par value of a 2-year U.S. Treasury note regularly scheduled for auction during the contract's delivery month.

**The phrases "regularly scheduled" and "regularly schedule," as used here and elsewhere in this chapter in reference to auctions of 2-year U.S. Treasury notes, will describe any note that is scheduled (i) to be auctioned within a given calendar month and (ii) to be issued with a dated date that coincides with the last day of said calendar month. A tentative schedule of forthcoming auctions is published quarterly, generally in the first week of February, May, August, and November, by the Office of Domestic Finance of the U.S. Treasury Department.**

**XX05.01 Months Traded In** - Trading in WI 2-Year U.S. Treasury Note futures may be scheduled in such months as determined by the Exchange.

**XX06.01 Price Basis** - The price of WI 2-Year U.S. Treasury Note futures shall be quoted in yield basis points and fractions of yield basis points. (One full percentage point of yield (1.00) equals one hundred basis points.) One basis point (0.01) shall be equal to \$92.92. The minimum price fluctuation shall be one quarter of one basis point (0.0025), which is equal to \$23.23. Contracts shall not be made on any other price basis.

**XX07.01 Hours of Trading** - The hours of trading in WI 2-Year U.S. Treasury Note futures shall be determined by the Exchange. The market shall be opened and closed for all months simultaneously or in such other manner as the Exchange shall direct.

Trading in an expiring WI 2-Year U.S. Treasury Note futures contract shall cease at **4:00:00** pm New York Time on ~~said~~the contract's last day of trading.

**~~If the U.S. Treasury Department cancels or postpones a previously regularly scheduled 2-year note auction, or declines to auction a 2-year note during a delivery month for which the Exchange already has listed a WI 2-Year Treasury Note futures contract, then trading in an expiring WI 2-Year Treasury Note futures contract with the corresponding delivery month shall cease at 3:00 pm New York Time on said contract's last day of trading (as specified under this contingency in Regulation XX09.01).~~**

**XX09.01 Last Day of Trading** - The last day of trading in an expiring WI 2-Year U.S. Treasury Note futures contract shall be the day of the auction of 2-year U.S. Treasury notes regularly scheduled during the contract's delivery month.

If the U.S. Treasury Department cancels ~~or postpones~~ a ~~previously~~ regularly scheduled 2-year note auction, or postpones by at least one business day a regularly scheduled 2-year note auction, or declines to regularly schedule the auction ~~of~~ a 2-year note ~~duringin~~ a delivery month for which the Exchange already has listed a WI 2-Year U.S. Treasury Note futures contract, then the last day of trading in the WI 2-Year U.S. Treasury Note futures contract with the corresponding delivery month shall automatically become the business day preceding the last calendar day of the delivery month.

**XX09.02 Liquidation During the Delivery Month** - After trading has ceased in contracts for future delivery in the current delivery month (in accordance with Regulation XX09.01 of this chapter), outstanding contracts shall be liquidated by cash settlement as prescribed in Regulation XX42.01.

**XX10.01 Margin Requirements** - (See Regulation 431.03).

**XX12.01 Position Limits and Reportable Positions** - (See Regulation 425.01).

### ChXX Delivery Procedures

**XX36.01 Standards** - The contract grade shall be the final settlement yield of the unit of trading (as defined in Regulation XX04.01 of this chapter) on the last day of trading (as defined in Regulation XX09.01 of this chapter).

The final settlement yield shall be the outcome of the 2-year U.S. Treasury note auction regularly scheduled during the contract's delivery month, as published by the U.S. Treasury Department, rounded up to the nearest one quarter ( $\frac{1}{4}$ ) of one basis point.

In the event that the final settlement yield is at the exact midpoint between any two adjacent quarters of one basis point, the final settlement yield will be obtained by rounding up to the nearest one quarter of one basis point.

If the U.S. Treasury Department cancels ~~or postpones~~ a ~~previously~~ regularly scheduled 2-year note auction, or postpones by at least one business day a regularly scheduled 2-year note auction, or declines to regularly schedule the auction ~~of~~ a 2-year note ~~duringin~~ a delivery month for which the Exchange already has listed a WI 2-Year U.S. Treasury Note futures contract, then the final settlement yield for the contract with the corresponding delivery month shall be the 2-year Treasury constant maturity yield for the contract's last day of trading (as specified under this contingency in Regulation XX09.01), as published by the Board of Governors of the Federal Reserve System in its Daily Update to the H.15 Statistical Release ("Selected Interest Rates"). Said Daily Update to the H.15 Statistical Release generally will be published on the first business day following the last day of trading.

**XX42.01 Delivery on Futures Contracts** - Delivery against WI 2-Year U.S. Treasury Note futures contracts shall be made by cash settlement through the Clearing Services Provider following normal variation margin procedures. Final settlement yield shall be calculated on the last day of trading, after ~~the Federal Reserve Bank of New York or~~ the U.S. Treasury Department has announced the auction result. ~~The auction result generally is announced within 10 minutes after the deadline for submission of auction bids.~~

If the U.S. Treasury Department cancels, ~~or postpones~~ a ~~previously~~ regularly scheduled 2-year note auction, or postpones by at least one business day a regularly scheduled 2-year note auction, or declines to regularly schedule the auction ~~of~~ a 2-year note ~~duringin~~ a delivery month for which the Exchange already has listed a WI 2-Year U.S. Treasury Note futures contract, then the final settlement yield shall be calculated after the Board of Governors of the Federal Reserve System has published the pertinent Daily Update to the H.15 Statistical Release (as specified under this contingency in Regulation XX36.01).