



March 24, 2004

**Via Electronic Mail**

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

Re: CBOE Futures Exchange, LLC Rule Certification  
Submission Number CFE-2004-08

Dear Ms. Webb:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended ("Act"), and §40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission under the Act, CBOE Futures Exchange, LLC ("CFE" or "Exchange") hereby submits an amendment, as set forth below, to CFE Rule 415 ("Amendment").

The Amendment makes clear that the price at which a Block Trade is executed on the Exchange must be "fair and reasonable" in light of various factors and clarifies certain qualification requirements under the Block Trade rule. The Amendment also reorganizes certain rule language in Rule 415 that relates to the Block Trade information that must be reported to the Exchange. The Amendment will become effective on March 26, 2004. CFE is not aware of any substantive opposing views to the Amendment.

CFE hereby certifies that the Amendment complies with the Act and the regulations thereunder.

The Amendment, marked to show additions in underlined text and deletions in [bracketed] text, consists of the following:

\* \* \* \* \*

**Rule 415      Block Trading**

(a) Trading Privilege Holders may enter into transactions outside the CBOE System, at prices mutually agreed, with respect to Contracts that have been designated by the Exchange for such purpose, provided all of the following conditions are satisfied (such transactions, "Block Trades"):

(i) Each buy or sell order underlying a Block Trade must (A) state explicitly that it is to be, or may be, executed by means of a Block Trade and (B) be for at least such minimum number of Contracts as will from time to time be specified by the Exchange; *provided* that only (x) a commodity trading advisor registered under the CEA, (y) an investment adviser registered as such with the

Securities and Exchange Commission that is exempt from regulation under the CEA and Commission Regulations thereunder and (z) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States of America in which the Exchange may be permitted from time to time to operate CBOE Workstations, in each case with total assets under management exceeding US\$25 million, may satisfy this requirement by aggregating orders for different accounts. For purposes of this Rule, the quantity of the legs of a spread or a combination executed as a Block Trade must meet the designated minimum [Block Trade] size [for] set forth in the rules governing the relevant Contract.

(ii) No change

(b) No change

(c) Each Block Trade shall be designated as such, and cleared through the Clearing Corporation as if it were a transaction executed through the CBOE System. [Information identifying the relevant Contract, contract month, price or premium, quantity, time of execution, counterparty Clearing Member for each Block Trade and, if applicable, the underlying commodity, whether the transaction involved a put or a call and the strike price must be reported to the Exchange within the time period set forth in the rules governing the relevant Contract.] The price at which a Block Transaction is executed must be "fair and reasonable" in light of (i) the size of such Block Transaction, (ii) the prices and sizes of other transactions in the same Contract at the relevant time, (iii) and the prices and sizes of transactions in other relevant markets, including without limitation the underlying cash and futures markets, at the relevant time, and (iv) the circumstances of the parties to such Block Transaction. The Exchange will publicize information identifying the trade as a Block Trade and identifying the relevant Contract, contract month, price or premium, quantity for each Block Trade and, if applicable, the underlying commodity, whether the transaction involved a put or a call and the strike price immediately after such information has been reported to the Exchange.

(d) – (e) No change

(f) The seller is obligated to call the Help Desk without delay, and in no event later than the time period set forth in the rules governing the relevant Contract, after a Block Trade is negotiated to notify the Exchange of the terms of the trade.[.] The notification to the Help Desk with respect to a Block Trade shall include [including all the] the relevant Contract, contract month, price or premium, quantity, time of execution, counterparty Clearing Member and, if applicable, the underlying commodity, whether the transaction involved a put or a call and the strike price, as well as any other information that is required to be set forth in the prescribed Block Trade Reporting Form. If the transaction is a spread or combination, such as when one party is rolling a position into the next contract month, the seller of the month closest to expiration is responsible for reporting the entire transaction to the Help Desk. The Help Desk will provide the caller a Trade Identification ("Trade ID") for the Block Trade and report both sides of the trade to the CBOE System. After reporting the Block Trade to the Help Desk, the buyer and seller must each complete and transmit the prescribed Block Trade Reporting Form via facsimile or e-mail to the Help Desk. Both sides must include the Trade ID given by the Help Desk to the seller for the Block Trade. It is the responsibility of the buying and selling Trading Privilege Holders to effect any subsequent allocations or necessary updates to non-critical matching fields utilizing a post-trade processing system designated by the Exchange.

Ms. Jean A. Webb  
Page 3 of 3

(g) No change

\*\*\*\*\*

Questions regarding this submission may be directed to David Doherty at (312) 786-7466. Please reference our submission number CFE-2004-08 in any related correspondence.

CBOE Futures Exchange, LLC

By:   
Edward J. Joyce  
President

cc: Mark Baumgardner (OCC)