

**Chicago Board of Trade**

August 12, 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

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Reference File # 2480.01  
Rule Certification

Dear Ms. Webb:

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

- **Amendments to Regulation 9B.13 per the attached text (additions underlined; deletions struck through).**

Regulation 9B.13 addresses pre-execution communications (i.e., communications between two market participants for the purpose of discerning interest in the execution of a transaction prior to the entry of an order) with respect to the e-cbot<sup>®</sup> (electronic) trading platform. Previously, this regulation has permitted such communications subject to specified limitations and requirements. As revised, Regulation 9B.13 will prohibit such pre-execution communications.

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 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 Underlined; Deletions ~~Struck Through~~

**9B.13 Trading Against Customer Orders, and Crossing Orders ~~and Pre-Execution Communications~~ -**

(a) Trading Against Customer Orders

During an e-cbot trading session, a member or Registered User shall not knowingly cause to be entered or knowingly enter into a transaction in which he takes the opposite side of an order entered on behalf of a customer, for the member's or Registered User's own account or his employer's proprietary account unless the customer order has been entered immediately upon receipt and has first been exposed on the e-cbot platform for a minimum of 5 seconds for outright futures contracts and a minimum of 15 seconds for strategies and options contracts. Such transactions that are unknowingly consummated shall not be considered to have violated this regulation.

(b) Crossing Orders

Independently initiated orders on opposite sides of the market for different beneficial account owners that are immediately executable against each other may be entered without delay provided that the orders did not involve pre-execution communications.

Opposite orders for different beneficial accounts that are simultaneously placed by a party with discretion over both accounts may be entered provided that one order is exposed on the e-cbot platform for a minimum of 5 seconds for outright futures contracts and a minimum of 15 seconds for strategies and options contracts.

An order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite a second order entered by the same firm only if the second order has been entered immediately upon receipt and has been exposed on the e-cbot platform for a minimum of 5 seconds for outright futures contracts and a minimum of 15 seconds for strategies and options contracts.

(c) ~~Orders Entered Pursuant to~~ Pre-Execution Communications Prohibited

(i) Pre-execution communications are communications between two market participants for the purpose of discerning interest in the execution of a transaction prior to the entry of an order on the e-cbot platform.

(ii) Pre-execution communications and transactions arising from such communications are prohibited in all products during all hours except as otherwise provided by Regulation 331.05. ~~during open outcry trading hours in all contracts that trade by open outcry, including any mini-sized version of a contract that trades by open outcry.~~

~~(ii) Orders entered pursuant to pre-execution communications must conform to the following:~~

~~a) Each customer must consent to the execution of his order in accordance with pre-execution communication procedures. As specified in Regulation 336.01, the terms of order execution may not be guaranteed~~

~~and reports of executions must be based on transactions effected through the e-cbot system.~~

- ~~b) All orders entered pursuant to pre execution discussions must be preceded by the entry of a request for cross (RFQX) which requires the entry of the contract, side of market, price, quantity and designated counterparty ITM. The order corresponding to the RFQX is displayed in the order book.~~
- ~~c) For outright futures contracts, the opposing order corresponding to the RFQX may not be entered until at least 5 seconds have transpired from the time of the entry of the cross request.~~

~~For strategies and options contracts, the opposing order corresponding to the RFQX may not be entered until at least 15 seconds have transpired from the time of entry of the cross request.~~

- ~~d) A person who has been solicited to participate in a transaction through pre execution communications may not disclose the details of such communications to another person or use the information obtained from such communications other than to participate in such transaction in accordance with the procedures described above.~~

~~Customer orders must be handled with due diligence. It shall be inconsistent with just and equitable principles of trade to withhold a customer order from the market in order to facilitate a pre-arranged execution at a price less favorable to the customer.~~

Violations of this regulation shall be considered an act detrimental to the interest and welfare of the Association.