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August 30, 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-2004-17

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") hereby submits an amendment to certain CFE rules that relate to corporate governance ("Amendment"). In particular, CFE is expanding the composition of its Board of Directors and is establishing an Executive Committee. These changes are reflected in amendments to CFE Rule 201 and in the addition of new CFE Rule 207. The Amendment also makes related technical changes to certain other CFE rules and deletes references to Option Trading Permits since these permits have all now expired.

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 deletions in [bracketed] text and additions in underlined text, consists of the following:

\* \* \* \* \*

**Rule 102. Appeals Committee**

The term "Appeals Committee" means the appeals committee constituted in accordance with, and with the authority and rights set forth or referred to, in Rule [209] 210.

\* \* \* \* \*

**Rule 104. Arbitration Committee**

The term "Arbitration Committee" means the arbitration committee constituted in accordance with, and with the authority and rights set forth or referred to in, Rule [208] 209.

\* \* \* \* \*

**Rule 108. BCC Panel**

The term "BCC Panel" has the meaning set forth in Rule [207] 208.

\* \* \* \* \*

**Rule 111. Business Conduct Committee**

The term "Business Conduct Committee" means the business conduct committee of the Exchange constituted in accordance with, and with the authority and rights set forth or referred to in, Rule [207] 208.

\* \* \* \* \*

**Rule 137. Executive Committee**

The term "Executive Committee" means the executive committee of the Board, as constituted in accordance with, and with the authority and rights set forth in, Rule 207.

\* \* \* \* \*

Rules 137 – 144 are renumbered in order beginning with Rule 138.

\* \* \* \* \*

**[Rule 145. Option Trading Permit Holder]**

[The term "Option Trading Permit Holder" means any Person to which an Option Trading Permit has been issued pursuant to CBOE Constitution Section 2.1(d) and CBOE Rule 3.27.]

\* \* \* \* \*

**Rule 201. Management by the Board**

(a) CBOE, the sole limited liability company member of the Exchange, has vested the power to manage, operate and set policies for the Exchange exclusively in the Board. The Board shall consist of [the chairman, vice chairman,] the persons who comprise the CBOE Executive Committee and the person who holds the office of[and] [president of] CBOE President, as the persons in those positions [the foregoing offices of CBOE] may change from time to time. Meetings of the Board shall be held at the principal place of business of the Exchange or at any other place that the Chairman of the Board may determine from time to time. Members of the Board may participate in such meetings by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such a meeting. The presence of at least 50% of the members of the Board shall constitute a quorum for the transaction of business; *provided* [that a quorum shall not exist unless at least two members of the Board are present; *provided, further,*] that members of the Board that are recused with respect to a particular issue nevertheless shall be deemed present for the purpose of determining the existence of a quorum. Meetings shall be held in accordance with the schedule established by the Board. Special meetings of the Board may be called by the Chairman of the Board, and shall be called by

the Secretary upon the written request of any two members of the Board. The Secretary shall give at least one hour's notice of such meetings to each member of the Board. Decisions of the Board shall require the approval of a majority of the members of the Board [present] voting at a meeting; *provided* that should the Board be unable to render a decision due to [either] a tie in the vote [or more than one Board member being recused with respect to the issue being voted upon], then CBOE, as the sole limited liability company member of the Exchange, may make the decision in lieu of the Board. The Board also may make decisions, without holding a meeting, by written consent of all of the members of the Board. Any such written consent may be executed in any number of counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts together constituting the same consent. The Board may establish such other rules and procedures for its deliberations as it may deem necessary or desirable. Members of the Board may be removed from, and substitute or additional members of the Board may be appointed to, the Board, at any time by CBOE.

(b) – (c) No change

\* \* \* \* \*

**Rule 207. Executive Committee**

The Executive Committee shall consist of the Chairman of the Board, the President and the Vice Chairman. The Executive Committee shall have and may exercise all of the powers and authority of the Board in the management of the business and affairs of the Exchange, except that it shall not have any power or authority to amend the Constitutive Documents, adopt any agreement of merger or consolidation, approve the sale, lease or exchange of all or substantially all of the Exchange's property and assets or approve the dissolution of the Exchange or a revocation of a dissolution.

\* \* \* \* \*

Rules 207-210 are renumbered in order beginning with Rule 208.

\* \* \* \* \*

**Rule [211.] 212. Power of the Board to Review Committee Decisions**

The Board shall have the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decision and actions of Standing Committees, Exchange committees and special committees of the Board formed pursuant to Rules 206 through [210] 211 and all officers of the Exchange appointed pursuant to Rule 205.

\* \* \* \* \*

**Rule [212.] 213. Confidentiality**

(a) – (b) No change

(c) For purposes of this Rule [212] 213, the term "employee," "material information," "non-public information" and "commodity interest" shall have the meanings ascribed to them in Commission Regulation § 1.59.

\* \* \* \* \*

**Rule [213.] 214. Conflicts of Interest**

(a) – (b) No change

(c) *Documentation.* The minutes of any meeting to which the conflicts determination procedures set forth in this Rule [213] 214 apply shall reflect the following information:

(i) – (iv) No change

\* \* \* \* \*

**Rule 304. Eligibility for Trading Privileges**

(a) Each member of the CBOE [(including each Option Trading Permit Holder)] with trading privileges on CBOE from time to time shall, by virtue of such membership, be eligible to obtain Trading Privileges without any need to satisfy any additional criteria or requirements, except as may be otherwise prescribed by the Exchange from time to time; *provided* that any such member that is not a Clearing Member shall be guaranteed by a Clearing Member in the manner described in Rule 1101.

(b) – (d) No change

\* \* \* \* \*

**Rule 417. Emergencies**

(a) – (c) No change

(d) *Conflicts of Interest.* The conflict of interest provisions set forth in Rule [213] 214(b) and the related documentation requirements set forth in Rule [213] 214(c) shall apply, with any such modifications or adaptations as may be necessary or appropriate under the circumstances, to the taking of any action under this Rule 417 by the President, or his or her designee.

\* \* \* \* \*

**Rule 702. Complaint and Investigation**

(a) No change

(b) *Requirement to Furnish Information.* Each Trading Privilege Holder and Related Party shall be obligated upon request by the Exchange to appear and testify, and to respond in writing to interrogatories and furnish documentary materials and other information requested by the Exchange in connection with (i) any investigation initiated pursuant to paragraph (a) of this Rule 702, (ii) any hearing or appeal conducted pursuant to this Chapter 7 or preparation by the Exchange in anticipation of any such hearing or appeal or (iii) an Exchange inquiry resulting from any agreement entered into by the Exchange pursuant to Rule [214] 215. No Trading Privilege Holder or Related Party shall impede or delay any Exchange investigation or

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proceeding conducted pursuant to this Chapter 7 or any Exchange inquiry resulting from any agreement entered into by the Exchange pursuant to Rule [214] 215, nor refuse to comply with a request made by the Exchange pursuant to this paragraph (b). Each Trading Privilege Holder and Related Party is entitled to be represented by counsel during any such Exchange investigation, proceeding or inquiry.

(c) – (e)      No change

\* \* \* \* \*

Questions regarding this submission may be directed to David Doherty at (312) 786-7466. Please reference our submission number CFE-2004-17 in any related correspondence.

CBOE Futures Exchange, LLC

By: Edward J. Joyce  
Edward J. Joyce  
President

cc:      Mark Baumgardner (OCC)