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2004 SEP 22 PM 4: 50

September 22, 2004

Ms. Jean A. Webb
Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, NW.
Washington, DC 20581

Reference File #2487.01
Rule Certification

Dear Ms. Webb:

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

- **Extend, through December 31, 2005, the designation of 10-Year and 5-Year Interest Rate Swap futures and futures options for trading pursuant to existing Regulation 331.05 (copy attached), at the established minimum size threshold of 2,000 contracts on an outright basis.**

This extension will continue a pilot program previously scheduled to expire as of December 31, 2004.

When the CBOT Board of Directors voted on this extension, four negative votes were cast (versus twelve in favor). The opponents expressed the general view that transactions pursuant to Regulation 331.05 were not the optimal mechanism for encouraging participation and liquidity in the applicable contracts, and that the pilot program should be allowed to expire at the end of its previously specified term.

The CBOT certifies that this program extension complies with the Commodity Exchange Act and the rules thereunder.

Sincerely,

Paul J. Draths
Vice President and Secretary

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331.05 Block Trade Transactions – The Board of Directors may designate any contract initially listed for trading on or after December 31, 1999 as eligible for Block Trade transactions under this Regulation 331.05 and shall determine the minimum size thresholds for the contracts in which Block Trade transactions are permitted. In determining the minimum size threshold, the Board of Directors shall take into consideration (to the extent available) the size distribution of transactions in the contract, the size distribution of transactions in the related cash or over-the-counter markets, and all other information relevant to transaction size in the relevant contract. The hours of operation of the Block Trade facility shall be determined by the Board of Directors. Members may enter into transactions outside of the Exchange's central markets, at prices mutually agreed, with respect to contracts that have been designated by the Exchange for such purpose, provided that the following conditions are satisfied:

- a) Each buy or sell order underlying a Block Trade must (i) state explicitly that it is to be, or may be, executed by means of a Block Trade and (ii) be at least for the minimum transaction size as determined by the Board of Directors. Orders may not be aggregated in order to achieve the minimum transaction size.
- b) The price at which a Block Trade is executed must be fair and reasonable in light of (i) the size of such Block Trade; (ii) the price and size of other trades in the same contract at the relevant time; and (iii) the price and size of trades in other relevant markets, including without limitation the underlying cash market or other related futures markets, at the relevant time. The price at which a Block Trade is executed shall not affect conditional orders such as limit orders or stop orders. The price at which a Block Trade is executed shall not be used in establishing settlement prices.
- c) Each nonmember customer to a Block Trade transaction must qualify as an "eligible contract participant", as that term is defined in Section 1a(12) of the Commodity Exchange Act, provided that, if any Block Trade is entered into on behalf of customers by a commodity trading advisor registered under the Act, including without limitation any investment advisor registered as such with the Securities and Exchange Commission that is exempt from regulation under the Act or Commodity Futures Trading Commission Regulations thereunder, or a foreign person performing a similar role or function subject as such to foreign regulation, with total assets under management exceeding \$50 million, the individual customers need not so qualify.
- d) Each Block Trade executed pursuant to this Regulation must be cleared through the clearing members. Information identifying the relevant contract, contract month, price, quantity, time of execution and counterparty clearing member for each Block Trade must be reported to the Exchange within five minutes immediately following execution of such Block Trade. The Exchange will publicize information identifying the trade as a Block Trade and identifying the relevant contract, contract month, price, and quantity for each Block Trade immediately after such information has been reported to the Exchange.

- e) Each clearing member and member that is party to a Block Trade shall record the following details on its order ticket: the contract (including the delivery or expiry month) to which such Block Trade relates; that the trade is a Block Trade; the number of contracts traded; the price of execution; the time of execution; the identity of the counterparty; and, if applicable, details regarding the customer for which the Block Trade was executed. Upon request by the Exchange, such clearing member or member shall produce satisfactory evidence, including without limitation the order ticket referred to in the preceding sentence, that the Block Trade meets the requirements set forth in this Regulation.