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August 5, 2005

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**Via Electronic Mail**

OFF. OF THE SECRETARIAT

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-2005-25

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 ("Commission") under the Act, CBOE Futures Exchange, LLC ("CFE" or "Exchange") hereby submits this rule change ("Amendment") to add the Mini-Russell 1000 Index futures contract to the Russell Index Futures Market Maker Program ("Program") set forth in CFE Policy and Procedure V and makes the Program effective in that product commencing on August 8, 2005.

In addition, CFE intends to pay to the market maker participants in the Program the incentive amount under the Program with respect to Mini-Russell 1000 Index futures contracts executed by those participants on CFE since July 1, 2005. Prior to July 1, 2005, which is the date CFE first listed the Mini-Russell 1000 Index futures contract for trading on the Exchange, CFE notified the Program participants that CFE intended to add the Mini-Russell 1000 Index futures contract to the Program. In fact, the acknowledgement form ("Form") provided to Program participants for signature prior to July 1, 2005, a form of which is attached as Appendix A, references the Mini-Russell 1000 Index futures contract as one of the contracts included under the Program. In addition, the Form attaches a version of CFE Policy and Procedure V ("Form Version") that is identical to the version that is being filed in this CFE-2005-24, since CFE intended to file the Form Version concurrent with the listing of the Mini-Russell 1000 Index futures contract on July 1, 2005. However, this change to the Program was inadvertently not submitted to the Commission at that time. Since the Program participants had an expectation that the Mini-Russell 1000 Index futures contract would be included under the Program as of July 1, 2005 and agreed to perform the obligations under the Program on that basis by executing the Form, CFE believes it is appropriate to retroactively make the applicable incentive payments under the Program with respect to the Mini-Russell 1000 Index futures contracts executed by those market makers since July 1, 2005.

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.

\* \* \* \* \*

## **CFE Policy and Procedure V. Russell Index Futures Market Maker Program**

Trading Privilege Holders (TPHs) may apply to the Exchange for appointment as a market maker in the Mini-Russell 2000 Index futures contract, Mini-Russell 1000 Index futures contract, and Russell 1000 Index futures contract (the "Russell Index Products"). Any TPH that desires to apply for market maker status should submit an application in the form of a letter outlining the organization's qualifications and commitments.

The Exchange will approve up to five TPHs as market makers in the Russell Index Products under this Program. TPHs shall be selected by the Exchange based on the Exchange's judgment as to which applicants are most qualified to perform the functions of a market maker. Factors to be considered in making this selection may include, but are not limited to, satisfaction of the qualifications listed below as well as any one or more of the factors listed in Rule 515(b), as applied to market maker applicants instead of with respect to DPM applicants.

The following describes the qualifications, obligations, incentive, and appointment term under the Russell Index Futures Market Maker Program. The obligations and incentive listed below are with respect to each of the Russell Index Products for which a TPH is appointed as a market maker under this Program unless otherwise specified.

### **Qualifications**

- Experience in trading options and/or futures on broad-based indices.
- Ability to automatically and systemically provide quotations.

### **Obligations**

- For no less than 65% of the available trading hours in each calendar month, provide continuous bids and offers in two contract months.
- Provide an average bid/ask spread of no more than \$0.40 (over a calendar month).
- Provide an average quoted size of no less than 20 contracts (over a calendar month), with at least 2 contracts on the lesser-quoted size.

These obligations are subject to relief in the event of a fast market on the Exchange in the applicable futures contract, a fast market in a related futures product, or other unusual market conditions (to be determined solely by the Exchange). Under fast market or unusual conditions, a market maker is expected to quote competitively using its best efforts.

The Exchange may terminate, place conditions upon, or otherwise limit a TPH's appointment as a market maker under this Program if the TPH fails to perform its obligations under the Program. However, failure of a TPH to comply with its obligations under this Program shall not be deemed a violation of Exchange rules.

### **Incentive**

- Payment of \$0.50 per executed contract, with a monthly cap of \$10,000 per TPH.

### **Term**

Each market maker appointment under the Russell Index Futures Market Maker Program will expire on December 31, 2005. The Exchange may determine to extend the term of an

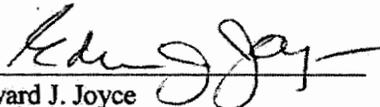
Ms. Jean A. Webb  
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appointment, allow an appointment to expire, or replace this Program with a different market-maker program.

\* \* \* \* \*

Questions regarding this submission may be directed to David Doherty at (312) 786-7466. Please reference our submission number CFE-2005-25 in any related correspondence.

CBOE Futures Exchange, LLC

By:   
Edward J. Joyce  
President

cc: Riva Adriance  
Mark Baumgardner (OCC)

Appendix A



June 23, 2005

Mr. Xxxxx Xxxxxx  
Firm Yyyyyyy  
1 Ccccccc Ddd  
Chicago, IL 606060

Dear Mr. Xxxxxxx:

CBOE Futures Exchange (CFE) has reviewed the application submitted by **[Insert Full Firm Name]** (**[Insert Firm Abbreviation]**) to participate in CFE's Russell Index Futures Market Maker Program, and I am pleased to inform you that CFE has selected **[Insert Firm Abbreviation]** for appointment as a market maker under the Program. Pursuant to this appointment, **[Insert Firm Abbreviation]** has been appointed to act as a market maker under the Program in the Mini-Russell 2000 Index futures contract, the Russell 1000 Index futures contract, and the Mini-Russell 1000 Index futures contract. Trading on CFE in the Mini-Russell 1000 Index futures contract commences on July 1, 2005, and that product will be added to the Program effective on that date.

**[Insert Firm Abbreviation]**'s market maker appointment under the Program commences on July 1, 2005. The provisions of the Program as effective on July 1, 2005, including the incentive **[Insert Firm Abbreviation]** will receive for acting as a market maker in each of the above products and the obligations to which **[Insert Firm Abbreviation]** will be subject in each of those products, is attached for your reference. The Program provides that each market maker appointment under the Program will expire on December 31, 2005 and that CFE may determine to extend the term of an appointment, allow an appointment to expire, or replace the Program with a different market maker program.

**[Insert Firm Abbreviation]** will be expected to begin quoting as a market maker under the Program on July 1, 2005 or as soon as practicable after that date, taking into account any delays that may occur which are beyond the control of your firm.

Please acknowledge **[Insert Firm Abbreviation]**'s acceptance of its market maker appointment under the Program and agreement to the provisions of the Program and this letter by executing the enclosed copy of this letter and returning it to me. Please feel free to call me with any questions.

Sincerely,

Patrick Fay  
Managing Director, CFE

Acknowledged and Agreed to by  
**[Insert Full Firm Name]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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### **Qualifications**

- Experience in trading options and/or futures on broad-based indices.
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### **Obligations**

- For no less than 65% of the available trading hours in each calendar month, provide continuous bids and offers in two contract months.
- Provide an average bid/ask spread of no more than \$0.40 (over a calendar month).
- Provide an average quoted size of no less than 20 contracts (over a calendar month), with at least 2 contracts on the lesser-quoted size.

These obligations are subject to relief in the event of a fast market on the Exchange in the applicable futures contract, a fast market in a related futures product, or other unusual market conditions (to be determined solely by the Exchange). Under fast market or unusual conditions, a market maker is expected to quote competitively using its best efforts.

The Exchange may terminate, place conditions upon, or otherwise limit a TPH's appointment as a market maker under this Program if the TPH fails to perform its obligations under the Program. However, failure of a TPH to comply with its obligations under this Program shall not be deemed a violation of Exchange rules.

### **Incentive**

- Payment of \$0.50 per executed contract, with a monthly cap of \$10,000 per TPH.

### **Term**

- Each market maker appointment under the Russell Index Futures Market Maker Program will expire on December 31, 2005. The Exchange may determine to extend the term of an appointment, allow an appointment to expire, or replace this Program with a different market-maker program.