

**CONFIDENTIAL TREATMENT  
REQUESTED**

July 13, 2006

Ms. Eileen A. Donovan  
Assistant Secretary of the Commission for  
FOI, Privacy and Sunshine Acts Compliance  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

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C.F.T.C.  
2006 JUL 14 AM 7:31  
O.F.C. OF THE SECRETARIAT

RE: FOIA CONFIDENTIAL TREATMENT REQUEST

Dear Ms. Donovan:

The Board of Trade of the City of Chicago, Inc. ("CBOT<sup>®</sup>" or "Exchange") hereby petitions the Commodity Futures Trading Commission, pursuant to Regulation 145.9, 17 C.F.R. §145.9, for confidential treatment of a document relating to the CBOT's business. This document is being provided to the Office of the Secretariat of the Commission, in a Rule Certification, Reference File #2695.01, in connection with the establishment of an Electronic Market Maker (EMM) Program for CBOT Binary Options on the Target Federal Funds Rate, and is entitled "Appendix 1 – Salient Features of CBOT<sup>®</sup> Binary Options on the Fed EMM Program".

Confidential treatment is requested for this document, until further notice, because disclosure would reveal confidential commercial or financial information.

Pursuant to Regulation 145.9 (d)(3), 17 C.F.R. §145.9 (d)(3), the undersigned may be reached at the Chicago Board of Trade, 141 West Jackson Boulevard, Chicago, Illinois 60604 at (312) 435-3605.

Sincerely,

Paul J. Draths  
Vice President and Secretary

cc: Office of the Secretariat

**CONFIDENTIAL TREATMENT  
REQUESTED**

RECEIVED  
C.F.T.C.  
2006 JUL 14 AM 7:32  
OFFICE OF THE SECRETARIAT

July 13, 2006

Ms. Eileen A. Donovan  
Acting Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

Reference File #2695.01  
Rule Certification

Dear Ms. Donovan:

Pursuant to Commission Regulation 40.6(a), the Chicago Board of Trade (CBOT<sup>®</sup>) hereby submits the following, a portion of which is subject to the enclosed FOIA Confidential Treatment Request:

- **Establishment of an Electronic Market Maker (EMM) Program for CBOT Binary Options on the Target Federal Funds Rate. (Summary of program's salient features is attached).**

There were no opposing views in connection with this program.

The CBOT intends to implement this program one day after the Commission's receipt of this submission.

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

Sincerely,

Paul J. Draths  
Vice President and Secretary

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# CONFIDENTIAL TREATMENT REQUESTED

## **CBOT<sup>®</sup> Binary Options on the Target Federal Funds Rate (Binary Options on the Fed) Electronic Market Maker (EMM) Program**

### **EMM Obligations**

Participants in this non-exclusive EMM program will provide two-sided markets in CBOT Binary Options on the Fed on the CBOT's electronic platform (e-cbot<sup>®</sup>), on a continuous basis and in response to requests-for-quote ("RFQs") during the period from 7:00 a.m. to 2:00 p.m. (Chicago time), unless prevented from doing so as a result of extraordinary circumstances beyond the EMM's reasonable control or due to position limits.

EMM participants agree that they will quote prices continuously, and respond to RFQs, for CBOT Binary Options on the Fed at agreed upon minimum size and maximum bid/offer spread levels for specified options series.

### **EMM Incentives**

In return for an EMM's fulfillment of its obligations, such EMM will receive the following for the period coinciding with EMM's period of participation in this program:

**Transaction fees:** All CBOT electronic transaction fees will be rebated for EMM proprietary transactions in CBOT Binary Options on the Fed during the market hours of their assignment.

**Preferencing/Entitlements:** After the allocation of any priority order, EMMs will be entitled to a percentage of each transaction in CBOT Binary Options on the Fed, in a percentage to be determined, where EMMs have matched the bid or offer prior to trade completion, during the hours of their assignment. Total preferencing among all EMMs will be limited to 40%. The CBOT reserves the right to periodically review and reallocate entitlement percentages among the EMMs.

### **Term**

The program will have an initial term through July 11, 2008, and may be extended if mutually agreed.

### **Termination**

EMM Agreements may be terminated for uncorrected material breach, upon specified advance notice, or by mutual consent.