

August 16, 2006

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

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Reference File # 2713.01
Rule Certification

Dear Ms. Donovan:

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

- **Amendments to Regulations 2009.01 and 2036.01 per the attached texts (additions boldfaced and underlined; deletions boldfaced and struck through).**

The referenced amendments will modify the last trading day/expiration provisions for CBOT Options on the Target Fed Funds Rate.

Currently, each contract's last trading/expiration day is set to coincide with the scheduled adjournment day of the corresponding FOMC meeting. Under the referenced revisions, the last trading/expiration day will be the business day following the relevant FOMC adjournment day. These revisions are designed to enable the contract to absorb situations where the FOMC extends a scheduled meeting by an extra day after the relevant contract already has been listed for trading.

The CBOT intends to implement these amendments for newly-listed Binary Options beginning with the January 2007 contract.

There were no opposing views 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 are **boldfaced and underlined**. Deletions are ~~boldfaced and struck through~~.

2009.01 Last Day of Trading

The last day of trading in a Binary Option shall be **the business day following** the terminal day of the regularly scheduled FOMC meeting that determines the contract expiration month of said Binary Option (Regulation 2005.01).

The last day of trading for any given Binary Option shall be set by the Exchange on the basis of the most recently published FOMC meeting calendar as of the date that such Binary Option is listed for trading by the Exchange.

The last day of trading for said Binary Option, so determined, shall remain fixed, notwithstanding such changes to the schedule of meetings of the FOMC as may occur after said Binary Option has been listed by the Exchange for trading.

2036.01 Standards

The contract grade for a Binary Option on the Fed shall be the following Contract Grade Index:

100 minus r

where r is the Target Federal Funds Rate.

For any arbitrary date, the Target Federal Funds Rate shall be as determined at the latest meeting of the FOMC and as most recently published by the Board of Governors of the Federal Reserve. Example: If the Target Federal Funds Rate established at the latest meeting of the FOMC is 8.25%, the Contract Grade Index will represent this rate as ninety-one and three-quarters (91.75) Contract Grade Index points.

Such "latest meeting of the FOMC" is not required to be a regularly scheduled meeting of the FOMC, as defined in Regulation 2005.01.

Notwithstanding the foregoing, the Contract Grade Index shall not take any value less than zero (0.00) Index points nor any value exceeding one hundred (100.00) Index points.

Hereafter in this chapter the outcome applicable to an expiring Binary Option shall be defined as the Contract Grade Index representation of the latest Target Federal Funds Rate to have been announced by the Board of Governors of the Federal Reserve prior to 6:00 p.m. Eastern time on the last day of trading in said Binary Option (Regulation 2009.01).

If, on the last day of trading in an expiring Binary Option, the Board of Governors of the Federal Reserve ~~has faileds~~ to publish prior to 6:00 p.m. Eastern time the Target Federal Funds Rate as determined at the latest meeting of the FOMC, then the outcome applicable to such expiring Binary Option shall be based upon such determination of the Target Federal Funds Rate as published by the Federal Reserve Bank of New York.

If, on the last day of trading in an expiring Binary Option, neither the Board of Governors of the Federal Reserve nor the Federal Reserve Bank of New York **has published** prior to 6:00 p.m. Eastern time the Target Federal Funds Rate as determined at the latest meeting of the FOMC, then the outcome applicable to such expiring Binary Option shall be based upon such determination of the Target Federal Funds Rate as published by any Federal Reserve District Bank.

If, on the last day of trading in an expiring Binary Option, neither the Board of Governors of the Federal Reserve nor any Federal Reserve District Bank **has published** prior to 6:00 p.m. Eastern time the Target Federal Funds Rate as determined at the latest meeting of the FOMC, then the Exchange shall defer computation of the outcome applicable to such expiring Binary Option, and shall defer the corresponding liquidation of outstanding option contracts, until 6:00 p.m. Eastern time on the third business day following the scheduled last day of trading in the expiring Binary Option.

In the event that computation of the outcome applicable to an expiring Binary Option, and the liquidation of such outstanding option contracts, is deferred, then such deferred outcome shall be based upon a determination of the Target Federal Funds Rate, as published between the last day of trading in the expiring options and 6:00 p.m. Eastern time on the third business day thereafter:

Such deferred outcome shall be based upon the Target Federal Funds Rate as published by the Board of Governors of the Federal Reserve during the three-business-day interval defined in the previous paragraph.

In the absence of such publication by the Board of Governors of the Federal Reserve, the deferred outcome shall be based upon the Target Federal Funds Rate as published by the Federal Reserve Bank of New York during the previously defined three-business-day interval.

In the absence of such publication by either the Board of Governors of the Federal Reserve or the Federal Reserve Bank of New York, the deferred outcome shall be based upon the Target Federal Funds Rate as published by any Federal Reserve District Bank during the previously defined three-business-day interval.

In the absence of such publication by either the Board of Governors of the Federal Reserve or any Federal Reserve District Bank, the deferred outcome shall be based upon the Target Federal Funds Rate as published in The Wall Street Journal (Central Edition) during the previously defined three-business-day interval.

In the absence of such publication by the Board of Governors of the Federal Reserve, or any Federal Reserve District Bank, or The Wall Street Journal (Central Edition) during the previously defined three-business-day interval, then the deferred outcome shall be based upon the Target Federal Funds Rate as published for the meeting of the FOMC that immediately preceded the latest meeting of the FOMC.