

September 20, 2006

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

Reference File # 2721.01
Rule Certification

Dear Ms. Donovan:

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

- **Amendments to Regulation 2036.01 per the attached text (additions underlined; deletions struck through).**

Regulation 2036.01 specifies standards for CBOT Binary Options on the Target Fed Funds Rate. The referenced revisions will change the latest possible time for obtaining the applicable Target Fed Funds Rate at expiration from 6:00 p.m. to 5:00 p.m. (Eastern time). This is an operational change to facilitate the final settlement process.

The CBOT intends to implement these amendments for all newly listed Fed Binary Options contract months beginning with March 2007.

There were no opposing views concerning these amendments.

The CBOT certifies that these amendments conform with the Commodity Exchange Act and the rules thereunder.

Sincerely,

Paul J. Draths
Vice President and Secretary

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Additions are boldface and underlined. Deletions are boldface and struck through.

Ch 20 Expiration Procedures

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~~ **5:00 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 failed to publish prior to ~~6:00 p.m. Eastern time~~ **5:00 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~~ **5:00 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~~ **5:00 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~~ **5:00 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~~ 5:00 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.