

February 28, 2007

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

Reference File # 2770.01  
Rule Certification

Dear Ms. Donovan:

Pursuant to Commission Regulation 40.6(a), the Chicago Board of Trade (CBOT<sup>®</sup>) hereby submits the following:

- **Amendments to CBOT Regulations 290.02, 331.08, 425.06 and Rulebook Appendix 4C per the attached texts (additions in bold face and underlined).**

With respect to CBOT 30 Year Interest Rate Swap futures, the referenced amendments will codify the following:

- In Regulation 290.02, designation in the "GIM" market category;
- In Regulation 331.08, eligibility for "Exchange for Swap" and "Exchange for Risk" transactions;
- In Regulation 425.06, position accountability provisions; and
- In Appendix 4C (incorporated by reference into Regulation 425.01), reportable position levels.

The CBOT intends to implement these amendments concurrently with the launch of trading in 30-Year Interest Rate Swap futures (currently targeted for trade date March 19, 2007).

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

b071806

**290.02 Government Instruments Market (GIM)** - The GIM consists of the following futures contracts: U.S. Treasury Bonds, U.S. Treasury Notes (6-10 years), U.S. Treasury Notes (5 years), U.S. Treasury Notes (2 years), Long Term and Medium Term Agency (Fannie Mae® Benchmark and Freddie Mac Reference) Notes<sup>SM</sup>, Mortgage, Inflation-Indexed U.S. Treasury Bonds, Long-Term Inflation-Indexed Treasury Notes, Medium-Term Inflation-Indexed Treasury Notes, German Government Bonds, Canadian Government Bonds (10 year), Cash Settled U.S. Treasury Notes (2 years), Zero Coupon Treasury Bonds, Zero Coupon Treasury Notes, U.S. Treasury Bills (90 days), Long-Term Japanese Government Bonds, Mortgage-Backed, 30-Year Interest Rate Swap, 10-Year Interest Rate Swap, 5-Year Interest Rate Swap, GNMA-CDR, Domestic CDs, Treasury Repos (30-day and 90-day) (when designated), Bund, Bobl, Schatz, and When Issued 2-Year U.S. Treasury Notes.

**331.08 Exchange of Futures for Related Transactions**

- (a) The following transactions may be executed outside of the Exchange's central markets, in accordance with the requirements of this Regulation.
- (i) Exchanges of futures for, or in connection with, cash commodities ("Exchange for Physical Transactions" or "EFPs"). EFPs may be executed in all CBOT futures contracts.
  - (ii) Exchanges of futures for, or in connection with, swap transactions ("Exchange for Swap Transactions" or "EFSs"). EFSs may be executed only in U.S. Treasury Bond futures; Long Term, Medium Term, and Short Term U.S. Treasury Note Futures; CBOT Dow Jones-AIG Excess Return Commodity Index<sup>SM</sup> Futures; and 30-Year, 10-Year and 5-Year Interest Rate Swap Futures; and
  - (iii) Exchanges of futures for, or in connection with, over-the-counter derivatives ("OTC") transactions ("Exchange for Risk Transactions" or "EFRs"). EFRs may be executed only in CBOT agricultural commodity futures and in U.S. Treasury Bond Futures; Long Term, Medium Term, and Short Term U.S. Treasury Note Futures; CBOT Dow Jones-AIG Excess Return Commodity Index<sup>SM</sup> Futures; 30-Day Fed Fund Futures and 30-Year, 10-Year and 5-Year Interest Rate Swap Futures. The OTC component of an EFR must comply with any applicable regulatory requirements prescribed by the Commodity Futures Trading Commission.
  - (iv) Options on futures are not a permissible component of an EFP, EFS or EFR.

For purposes of this Regulation, all EFPs, EFSs and EFRs shall be referred to as Exchanges of Futures for Related Positions.

- (b) The Related Position (cash, swap, or OTC derivative) must involve the commodity underlying the futures contract, or must be a derivative, by-product or related product of such commodity that has a reasonable degree of price correlation to the commodity underlying the futures contract.
- (c) An Exchange of Futures for a Related Position consists of two discrete, but related simultaneous transactions. One party must be the buyer of (or have the long market exposure associated with) the Related Position and the seller of the corresponding futures, and the other party must be the seller of (or have the short market exposure associated with) the Related Position and the buyer of the corresponding futures. However, a member firm may facilitate, as principal, the Related Position on behalf of a customer, provided that the member firm can demonstrate that the Related Position was passed through to the customer that received the futures position as part of the Exchange of Futures for Related Position transaction.
- (d) The accounts involved on each side of an Exchange of Futures for a Related Position: (a) must have different beneficial ownership; or (b) must be under separate control; or (c) must

involve separate legal entities.

- (e) The quantity covered by the Related Position must be approximately equivalent to the quantity covered by the futures contracts.
- (f) Exchanges of Futures for Related Positions may be entered into in accordance with the applicable trading increments set forth in the rules governing such futures contracts, at such prices as are mutually agreed upon by the two parties to the transaction.
- (g) Clearing firms on opposite sides of an Exchange of Futures for a Related Position must subsequently approve the terms of the transaction, including the clearing firm (division), price, quantity, commodity, contract month and date prior to submitting the transaction to the Clearing Services Provider. All Exchanges of Futures for Related Positions must be submitted to the Clearing Services Provider by a clearing firm acting on its own behalf or for the beneficial account of a customer who is a party to the transaction.
- (h) Each Exchange of Futures for a Related Position shall be designated as such, and cleared through the Exchange's Clearing Services Provider as if it were a transaction executed in the Exchange's central markets. The transaction shall be submitted to the Clearing Services Provider within the time period and in the manner specified by the Clearing Services Provider.
- (i) The time of execution of an Exchange of Futures for a Related Position must be recorded on the futures order ticket, and on the record submitted to the Exchange's Clearing Services Provider.
- (j) Parties to any Exchange of Futures for a Related Position must maintain all documents relevant to the futures and the cash, swap, or OTC transactions, including all documents customarily generated in accordance with cash or other relevant market practices and any documents reflecting payment and transfer of title, and must provide such documents to the Exchange upon its request.

**425.06 Position Accountability** - A person, as defined in Regulation 425.01(a)(i), who holds or controls, or a member firm that carries for another person, aggregate positions in excess of those specified in the chart below, shall be subject to the following provisions:

- Such person shall provide, in a timely manner upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- Such person shall be deemed to have consented, when so ordered by the Exchange acting in its discretion, not to further increase the positions which exceed the levels specified in the chart below.
- Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

Nothing herein shall limit the jurisdiction of the Exchange.

CONTRACT	SPOT MONTH*	ALL MONTHS**	OPTIONS***
US Treasury Bonds	10,000	10,000	25,000
10-Yr. Treasury Notes	7,500	7,500	20,000
5-Yr. Treasury Notes	7,500	7,500	20,000
2-Yr. Treasury Notes	7,500	7,500	20,000

30-Day Fed Funds	3,000	3,000	
Binary Options on the Fed			3,000
<b>30-Yr. Interest Rate Swap</b>	<b>5,000</b>	<b>5,000</b>	
10-Yr. Interest Rate Swap	5,000	5,000	15,000
5-Yr. Interest Rate Swap	5,000	5,000	15,000

\* All numbers refer to futures contracts, and/or futures-equivalent contracts, net long or net short, in the spot month.

\*\* All numbers refer to futures contracts, and/or futures-equivalent contracts, net long or net short in all months and strike prices combined. Net equivalent futures positions shall be determined in the same manner specified in Appendix 4C.

\*\*\*All numbers refer to option contracts for all months and all strike prices combined in each option category (long call, long put, short call, and short put).

#### APPENDIX 4C

CONTRACT	*SPOT MONTH	*SINGLE MONTH	*ALL MONTH	*REPORTABLE FUTURES LEVEL	*REPORTABLE OPTIONS LEVEL
<b>30-Year Interest Rate Swap</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>500</b>	
10-Year Interest Rate Swap	None	None	None	500	500
5-Year Interest Rate Swap	None	None	None	500	500
Binary Options on the Fed	None	None	None		600
CBOT Dow Jones Industrial Average <sup>sm</sup> Index (\$25 multiplier)	None	None	50,000 (aggregate DJIA <sup>sm</sup> limit, see #9)	200	
CBOT Dow Jones Industrial Average <sup>sm</sup> Index	None	None	50,000 (aggregate DJIA <sup>sm</sup> limit, see #9)	200	200
CBOT mini-sized Dow <sup>sm</sup> (\$5 multiplier)	None	None	50,000 (aggregate DJIA <sup>sm</sup> limit, see #9)	200	200
CBOT Dow Jones-AIG Excess Return Commodity Index <sup>sm</sup>	None	None	None	200	
CBOT Dow Jones <sup>sm</sup> US Real Estate Index	None	None	5,000	200	
CBOT 5,000 oz. Silver	1,500	6,000	6,000	150	150
CBOT 100 oz. Gold	3,000	6,000	6,000	200	200
CBOT mini-sized Silver	1,500	1,500	3,000	750	
CBOT mini-sized Gold	4,000	4,000	6,000	600	
U.S. Treasury Bonds	(see #13)	None	None	1,500	1,500
U.S. Treasury Notes (5yr.)	(see #13)	None	None	2,000	2,000
U.S. Treasury Notes (6 1/2-10yr.)	(see #13)	None	None	2,000	2,000
U.S. Treasury Notes (2yr.)	(see #13)	None	None	1,000	1,000
30 Day Fed Fund	None	None	None	600	600

mini-sized Eurodollars	10,000	10,000	10,000	400	
Corn and CBOT mini-sized Corn	600 (aggregate, see #10)	13,500 (aggregate, see #1, 10)	22,000 (aggregate, see #1, 3, 10)	250 (individual, see #11)	250
Soybeans and CBOT mini-sized Soybeans	600 (aggregate, see #10)	6,500 (aggregate, see #1, 10)	10,000 (aggregate, see #1, 4, 10)	150 (individual, see #11)	150
South American Soybeans	600 (see #12)	3,500 (see #1)	5,500 (see #1)	25	
Wheat and CBOT mini-sized Wheat	600 (aggregate, see #8, 10)	5,000 (aggregate, see #1, 10)	6,500 (aggregate, see #1, 7, 10)	150 (individual, see #11)	150
Oats	600	1,400 (see #1)	2,000 (see #1,6)	60	60
Rough Rice	600 (see#5)	1,000	1,000 (see#2)	50	50
Soybean Oil	540	5,000 (see #1,7)	6,500 (see #1,7)	200	200
Soybean Meal	720	5,000 (see #1,7)	6,500 (see #1,7)	200	200
Soybean Crush Options	N/A	1,000 (see #1)	1,000		100
Ethanol	200	1,000	1,000	25	
Ethanol Forward Month Swap	N/A	N/A	N/A	N/A	N/A
Ethanol Previous Month Swap	N/A	N/A	N/A	N/A	N/A