

03-008
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SELF-CERTIFIED

June 19, 2003

Ms. Jean A. Webb
Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, NW.
Washington, DC 20581

Reference File #2329.01
Rule Certification

Dear Ms. Webb:

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

- **Regulation changes per the attached texts (additions underlined; deletions bracketed) for CBOT Rulebook Chapters m14, m15, 18, m18, 22, 23, 24, m24, 25, 27, 28, 35, 36, 45, 46, 50, 52, 57 and 58.**

These changes relate to the Clearing Link between the CBOT and the Chicago Mercantile Exchange, Inc. (CME). The amendments will:

- Clarify, by cross-reference to Regulations 1050.01 and 1054.01, the nature of any CME clearing guarantees that will apply to CBOT financial contract deliveries;
- Change the time and date for applicable financial option expirations from 10:00 a.m. on the Saturday following last trading day to 7:00 p.m. on last trading day;
- Change the expiration time for 10-Year and 5-Year Interest Rate Swap options from 6:00 p.m. to 7:00 p.m. on last trading day; and
- Update relevant terminology by replacing references to the "Clearing Corporation" and the "Clearing House" with the more generic term "Clearing Services Provider".

The CBOT intends to implement these revisions concurrently with the transition of the applicable products to the CBOT/CME Clearing Link.

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There were no opposing views among the CBOT's Board of Directors 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 underlined; Deletions are [bracketed].

Chapter m14
mini-sized New York Silver Futures

m1450.01 Failure to Deliver – (See 1050.01)

m1454.01 Failure to Accept Delivery - (See 1054.01)

Chapter m15
mini-sized New York Gold Futures

m1550.01 Failure to Deliver – (See 1050.01)

m1554.01 Failure to Accept Delivery - (See 1054.01)

Chapter 18
U.S. Treasury Bonds

1850.01 Failure to Deliver – (See Regulation 1050.01)

1854.01 Failure to Accept Delivery - (See Regulation 1054.01)

Chapter m18
mini-sized U.S. Treasury Bonds

m1850.01 Failure to Deliver – (See Regulation 1050.01)

m1854.01 Failure to Accept Delivery - (See Regulation 1054.01)

Chapter 22
CBOT[®] 30-Day Federal Funds Futures Options

2207.01 Exercise of Option - The buyer of a CBOT 30-Day Federal Funds futures option may exercise the option on any business day up to and including the day such option expires by giving notice of exercise to the Clearing [Corporation] Services Provider by 6:00 p.m. Chicago time, or by such other time designated by the [Board of Directors] Exchange, on such day.

In-the-money options** that have not been liquidated or exercised on the last day of trading in such option shall be in the absence of contrary instructions delivered to the Clearing [House] Services Provider by 6:00 p.m. Chicago time, or by such other time designated by the [Board of

Directors] Exchange, on the next business day following the last day of trading by the clearing member representing the option buyer.

**An option is in-the-money if the settlement price of the underlying futures contract is less in the case of a put, or greater in the case of a call, than the exercise price of the option.

2207.02 Automatic Exercise - Notwithstanding the provisions of Regulation 2207.01, all in-the-money options shall be automatically exercised after 6:00 p.m. on the business day following the last day of trading, or such other time designated by the Exchange, unless notice to cancel automatic exercise is given to the Clearing [Corporation] Services Provider. Notice to cancel automatic exercise shall be given to the Clearing Services Provider by 6:00 p.m. on the business day following the last day of trading, or by such other time designated by the Exchange.

2207.03 Corrections to Option Exercises - Corrections to option exercises, including automatic exercises, may be accepted by the Clearing Services Provider after the 6:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing Services Provider, or the President's designee, and such decision will be final.

Chapter 23

Short Term U.S. T-Notes (2-Year)

2350.02 Failure to Deliver – (See Regulation 1050.01)

2354.01 Failure to Accept Delivery - (See Regulation 1054.01)

Chapter 24

Long Term T-Notes (6 ½ - 10 Year)

2450.01 Failure to Deliver – (See Regulation 1050.01)

2454.01 Failure to Accept Delivery - (See Regulation 1054.01)

Chapter m24

mini-sized Long Term U.S. Treasury Notes

m2450.01 Failure to Deliver – (See Regulation 1050.01)

m2454.01 Failure to Accept Delivery - (See Regulation 1054.01)

Chapter 25**Medium Term U.S. Treasury Notes (5 Year)**

2550.01 Failure to Deliver – (See Regulation 1050.01)

2554.01 Failure to Accept Delivery - (See Regulation 1054.01)

Chapter 27a**(Standard Options) Long Term T Note Options**

A2707.01 Exercise of Option - The buyer of a Long Term Treasury Note futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing [Corporation] Services Provider by 6:00 p.m., or by such other time designated by the [Board of Directors] Exchange, on such day. [Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading.]

A2707.02 Automatic Exercise - Notwithstanding the provisions of Regulation 2707.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing [Corporation] Services Provider. Notice to cancel automatic exercise shall be given to the Clearing [Corporation] Services Provider by 6:00 p.m., or by such other time designated by the [Board of Directors] Exchange, on the last day of trading. [except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading.]

A2707.03 Corrections to Option Exercises - Corrections to option exercises, including automatic exercises, may be accepted by the Clearing Services Provider after the 6:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision

whether a correction is acceptable will be made by the President of the Clearing Services Provider, or the President's designee, and such decision will be final.

A2708.01 Expiration of Option — Unexercised Long Term Treasury Note futures options shall expire at 7:00 p.m. [10:00 a.m.] on [the first Saturday following] the last day of trading.

Chapter 28a

(Standard Options) T-Bond Futures Options

A2807.01 Exercise of Option - The buyer of a U.S. Treasury Bond futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing [Corporation] Services Provider by 6:00 p.m., or by such other time designated by the [Board of Directors] Exchange, on such day. [Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading.]

A2807.02 Automatic Exercise - Notwithstanding the provisions of Regulation 2807.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing [Corporation] Services Provider. Notice to cancel automatic exercise shall be given to the Clearing [Corporation] Services Provider by 6:00 p.m., or by such other time designated by the [Board of Directors] Exchange, on the last day of trading. [except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading.]

A2807.03 Corrections to Option Exercises - Corrections to option exercises, including automatic exercises, may be accepted by the Clearing Services Provider after the 6:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing Services Provider, or the President's designee, and such decision will be final.

A2808.01 Expiration of Option - Unexercised U.S. Treasury Bond futures options shall expire at 7:00 p.m. [10:00 a.m.] on [the first Saturday following] the last day of trading.

Chapter 35a**(Standard Options) Medium Term U.S. T Note Futures Options**

A3507.01 Exercise of Option - The buyer of a Medium Term U.S. Treasury Note futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing [Corporation] Services Provider by 6:00 p.m., or by such other time designated by the [Board of Directors] Exchange, on such day. [Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading.]

A3507.02 Automatic Exercise - Notwithstanding the provisions of Regulation 3507.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing [Corporation] Services Provider. Notice to cancel automatic exercise shall be given to the Clearing [Corporation] Services Provider by 6:00 p.m., or by such other time designated by the [Board of Directors] Exchange, on the last day of trading. [except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading.]

A3507.03 Corrections to Option Exercises - Corrections to option exercises, including automatic exercises, may be accepted by the Clearing Services Provider after the 6:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing Services Provider, or the President's designee, and such decision will be final.

A3508.01 Expiration of Option - Unexercised Medium Term U.S. Treasury Note futures options shall expire at 7:00 p.m. [10:00 a.m.] on [the first Saturday following] the last day of trading.

Chapter 36a**(Standard Options) Short Term U.S. T Note Futures Options**

A3607.01 Exercise of Option - The buyer of a Short Term U.S. Treasury Note futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing [Corporation] Services Provider by 6:00 p.m., or by such other time designated by the [Board of Directors] Exchange, on such day. [Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading.]

A3607.02 Automatic Exercise - Notwithstanding the provisions of Regulation 3607.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing [Corporation] Services Provider. Notice to cancel automatic exercise shall be given to the Clearing [Corporation] Services Provider by 6:00 p.m., or by such other time designated by the [Board of Directors] Exchange, on the last day of trading. [except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading.]

A3607.03 Corrections to Option Exercises - Corrections to option exercises, including automatic exercises, may be accepted by the Clearing Services Provider after the 6:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing Services Provider, or the President's designee, and such decision will be final.

A3608.01 Expiration of Option - Unexercised Short Term U.S. Treasury Note futures options shall expire at 7:00 p.m. [10:00 a.m.] on [the first Saturday following] the last day of trading.

Chapter 45**Long Term Fannie Mae Benchmark Notes and Freddie Mac Reference Note Futures**

4550.01 Failure to Deliver – (See Regulation 1050.01)

4554.01 Failure to Accept Delivery - (See Regulation 1054.01)

Chapter 46A**Long Term Fannie Mae and Freddie Mac Note Options**

A4607.01 Exercise of Option - The buyer of a Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing [Corporation] Services Provider by 6:00 p.m. (Chicago time), or by such other time designated by the [Board of Directors] Exchange, on such day. [Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading.]

A4607.02 Automatic Exercise - Notwithstanding the provisions of Regulation 4607.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing [Corporation] Services Provider. Notice to cancel automatic exercise shall be given to the Clearing [Corporation] Services Provider by 6:00 p.m. (Chicago time), or by such other time designated by the [Board of Directors] Exchange, on the last day of trading. [,except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading.]

A4607.03 Corrections to Option Exercises - Corrections to option exercises, including automatic exercises, may be accepted by the Clearing Services Provider after the 6:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange

option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing Services Provider, or the President's designee, and such decision will be final.

A4608.01 Expiration of Option - Unexercised Long Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures options shall expire at 7:00 p.m. [10:00 a.m.] on [the first Saturday following] the last day of trading.

Chapter 50

10-Year Interest Rate Swap Futures Options

****5007.01 Exercise of Option** - The buyer of a 10-Year Interest Rate Swap futures option may exercise the option on any business day up to and including the day such option expires by giving notice of exercise to the Clearing [House] Services Provider by 6:00 p.m. Chicago time, or by such other time designated by the [Board of Directors] Exchange, on such day. In-the-money options** that have not been liquidated or exercised on the last day of trading in such option shall be automatically exercised in the absence of contrary instructions delivered to the Clearing [House] Services Provider by 6:00 p.m. Chicago time, or by such other time designated by the [Board of Directors] Exchange, on the last day of trading by the clearing member representing the option buyer.

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing Services Provider after the 6:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing Services Provider, or the President's designee, and such decision will be final.

**An option is in-the-money if the settlement price of the underlying futures contract is less in the case of a put, or greater in the case of a call, than the exercise price of the option.

5008.01 Expiration of Option - Unexercised 10-Year Interest Rate Swap futures options shall expire at 7:00 [6:00] p.m. on the day of termination of trading. (See Regulation 5013.01.)

Chapter 52

5-Year Interest Rate Swap Futures Options

****5207.01 Exercise of Option** - The buyer of a 5-Year Interest Rate Swap futures option may exercise the option on any business day up to and including the day such option expires by giving notice of exercise to the Clearing [House] Services Provider by 6:00 p.m. Chicago time, or by such other time designated by the [Board of Directors] Exchange, on such day. In-the-money options** that have not been liquidated or exercised on the last day of trading in

such option shall be automatically exercised in the absence of contrary instructions delivered to the Clearing [House] Services Provider by 6:00 p.m. Chicago time, or by such other time designated by the [Board of Directors] Exchange, on the last day of trading by the clearing member representing the option buyer.

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing Services Provider after the 6:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing Services Provider, or the President's designee, and such decision will be final.

**An option is in-the-money if the settlement price of the underlying futures contract is less in the case of a put, or greater in the case of a call, than the exercise price of the option.

5208.01 Expiration of Option - Unexercised 5-Year Interest Rate Swap futures options shall expire at 7:00 [6:00] p.m. on the day of termination of trading. (See Regulation 5213.01.)

Chapter 57

Medium-Term Fannie Mae Benchmark Notes and Freddie Mac Reference Note Futures

5750.01 Failure to Deliver – (See Regulation 1050.01)

5754.01 Failure to Accept Delivery - (See Regulation 1054.01)

Chapter 58a

Medium-Term Fannie Mae and Freddie Mac Note Options

A5807.01 Exercise of Option - The buyer of a Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing [Corporation] Services Provider by 6:00 p.m. (Chicago time), or by such other time designated by the [Board of Directors] Exchange, on such day. [Notwithstanding the foregoing, the buyer may exercise the option prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading.]

A5807.02 Automatic Exercise - Notwithstanding the provisions of Regulation 5807.01, after the close on the last day of trading, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing [Corporation] Services Provider. Notice to cancel automatic exercise shall be given to the Clearing [Corporation] Services Provider by 6:00 p.m. (Chicago time), or by such other time designated by the [Board of Directors] Exchange, on the last day of trading. [,except that such notice may be given to the Clearing Corporation prior to 10:00 a.m. on the expiration date:

- i) to correct errors or mistakes made in good faith;
- ii) to take appropriate action as the result of unreconciled Exchange option transactions;
- iii) in exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the member firm's inability to receive such instructions prior to 6:00 p.m. on the last day of trading.]

A5807.03 Corrections to Option Exercises - Corrections to option exercises, including automatic exercises, may be accepted by the Clearing Services Provider after the 6:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing Services Provider, or the President's designee, and such decision will be final.

A5808.01 Expiration of Option - Unexercised Medium Term Fannie Mae Benchmark Note and Freddie Mac Reference Note futures options shall expire at 7:00 p.m. [10:00 a.m.] on [the first Saturday following] the last day of trading.