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October 22, 2003

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

Reference File # 2369.01  
Rule Certification

Dear Ms. Webb:

By this letter, the Board of Trade of the City of Chicago, Inc. (CBOT<sup>®</sup>) hereby certifies, pursuant to Commission Regulation 40.6 and Section 5c(c)(1) of the Commodity Exchange Act, that the attached amendments to Regulation 1950.01(b)(2) comply with the Act and the rules thereunder.

Regulation 1950.01(b)(2) pertains to the computation of the final settlement price of the Exchange's 10-Year Municipal Note Index futures contract. Amended Regulation 1950.01(b)(2) will eliminate the pricing "collar" that excludes any component bond from the Index for final cash settlement purposes whose price change from the previous day's market close to the market close on last trading day falls outside of one standard deviation of the average price change of all component index bonds. Accordingly, the computation of the cash price of the 10-Year Municipal Note Index on a daily basis and at final settlement will be based exclusively on the simple average yield-to-worst of all of the component index bonds.

When the 10-Year Municipal Note Index futures contract was launched in October 2002, the CBOT implemented the pricing collar at final settlement to eliminate potential pricing anomalies. However, recent contract expirations have shown that the collar may, in fact, enhance price volatility at final settlement, resulting in a de-coupling with the underlying municipal cash market as well as the broader U.S. interest rate market. In order to reduce this volatility, facilitate pricing transparency, and enhance convergence between the municipal cash and futures markets, the CBOT thus has determined to eliminate the price collar.

The referenced amendments are price neutral with respect to their economic impact on open positions in 10-Year Municipal Note Index futures. The CBOT intends to implement these changes for all current and newly listed contract months, no sooner than one day following the Commission's receipt of this filing.

October 22, 2003  
Ms. Jean A. Webb  
Page Two

There were no opposing views among the CBOT's Board of Directors regarding the proposed changes.

Respectfully submitted,

Paul J. Draths  
Vice President and Secretary

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Deletions are struck through.

**1950.01(b)(2)**

**Index Computation** — FT Interactive Data Corporation shall compute the daily Index value. FT Interactive Data Corporation shall first determine the price of each component bond in the Index. FT Interactive Data Corporation shall then calculate the simple average yield-to-worst of the component bonds by summing the individual yields of the component bonds and dividing by the number of component bonds. The simple average yield-to-worst of the component bonds in the Index shall be rounded to the nearest one-tenth of one basis point and rounded up in the case of a tie. This simple average yield-to-worst will be entered into the pricing algorithm in Regulation 1942.01 to calculate the daily Index value. The daily Index value shall be rounded to the nearest one thirty-second of a full point. If the Index value is exactly at the midpoint between two thirty-seconds of a point, the Index value shall be rounded up to the nearest one thirty-second.

With the exception of the last trading day in the current contract expiration, FT Interactive Data Corporation shall compute the daily Index value:

- at 3:00 p.m. Chicago time (4:00 p.m. New York time) when the underlying cash market is open for normal trading hours and is therefore not subject to an early scheduled halt in cash market trading;  
or
- at 1:00 p.m. Chicago time (2:00 p.m. New York time) when the underlying cash market is subject to an early scheduled halt in cash market trading.

~~On the final trading day in the current expiration month, FT Interactive Data Corporation will price the component bonds on the Index at 2:00 p.m. Chicago time (3:00 p.m. New York time) and will compute the final settlement value of the Index according to the method as described in the previous paragraph with one exception. Any component bond whose price change from the previous day's close falls outside of one standard deviation of the average price change of all component bonds in the Index will be excluded from the Index for final cash settlement purposes.~~