



March 24, 2004 104 MAR 26 11 0 55

**Via Electronic Mail**

Ms. Jean A. Webb  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

Re: CBOE Futures Exchange, LLC Rule Certification  
Submission Number CFE-2004-09

Dear Ms. Webb:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended ("Act"), and §40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission under the Act, CBOE Futures Exchange, LLC ("CFE") hereby submits an amendment, as set forth below, to CFE Rule 611 and to CFE Policy and Procedure V (the "Amendment").

The Amendment revises CFE Rule 611 with respect to the crossing of Orders of Trading Privilege Holders or its Related Parties with original Orders. The Amendment also deletes in its entirety CFE Interpretation and Policy V as a result of the changes made to CFE Rule 611. The Amendment will become effective on March 26, 2004. CFE is not aware of any substantive opposing views to the Amendment.

CFE hereby certifies that the Amendment complies with the Act and the regulations thereunder.

The Amendment, marked to show additions in underlined text and deletions in [bracketed] text, consists of the following:

\* \* \* \* \*

**Rule 611. Trading Against Customers' Orders**

No Trading Privilege Holder (including its Related Parties) shall enter into a transaction on behalf of a Customer in which such Trading Privilege Holder or Related Party or any Person trading for an account in which such Trading Privilege Holder or Related Party has a financial interest, intentionally assumes the opposite side of the transaction. The foregoing restriction shall not prohibit pre-execution discussions conducted in accordance with procedures established by the Exchange from time to time, and shall not apply to any Exchange of Future for Physical, any Block Trade or any transaction meeting all of the following criteria (or such other criteria as may be established by the Exchange from time to time):

(a) the Customer has previously consented in writing to such transactions[, which consent shall have been given or renewed within 12 months of the transaction at issue] and such consent has [shall] not [have] been revoked prior to the applicable transaction [thereto];

(b) if the Trading Privilege Holder desires to cross a Customer Order with an Order of the Trading Privilege Holder or Related Party and a bid and an offer for the relevant Contract are resting in the CBOE System, the Trading Privilege Holder may enter the Customer Order into the CBOE System and may immediately thereafter enter the opposing Order representing no more than 30% of the Customer Order's contract size (rounded up to the nearest whole contract);

([b]c) the Trading Privilege Holder or Related Party has waited for a [reasonable] period of five seconds [time, as determined by the Exchange,] after first entering the Order received from the Customer into the CBOE System before taking the opposite side of the transaction, or if the Trading Privilege Holder initially crossed 30% of the Customer Order as provided in Rule 611(b), the Trading Privilege Holder has waited for a period of five seconds after first entering the Customer Order into the CBOE System before entering an opposing Order for the remaining balance, if any, of the Customer Order;

([c]d) the Trading Privilege Holder maintains a record that clearly identifies, by appropriate descriptive words, all such transactions, including the time of execution, commodity, date, price, quantity and delivery month; and

([d]e) the Trading Privilege Holder provides a copy of the record referred to in clause (c) above to the Exchange upon request by the Exchange.

Because the Orders entered into the CBOE System pursuant to this Rule 611 are exposed to the market, there is no assurance that the Orders of the Trading Privilege Holder will be matched against the Customer Order.

\* \* \* \* \*

**Policy and Procedure V. [Trading Against Customer's Orders (Rule 611)] Reserved**

[A Trading Privilege Holder (including its Related Parties) may not enter into a transaction on behalf of a Customer in which such Trading Privilege Holder or Related Party intentionally assumes the opposite side of the transaction, unless each requirement specified in Rule 611 is met by such Trading Privilege Holder or Related Party.]

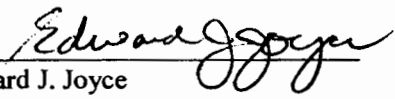
[Pursuant to Rule 611(b), it is permissible for a Trading Privilege Holder or Related Party to enter into such a transaction if such Trading Privilege Holder or Related Party waits for a reasonable period of time after first entering the Order received from the Customer into the CBOE System before taking the opposite side of the transaction. The Exchange deems five seconds or longer to be a reasonable period of time for purposes of the immediately preceding sentence.]

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Questions regarding this submission may be directed to David Doherty at (312) 786-7466. Please reference our submission number CFE-2004-09 in any related correspondence.

CBOE Futures Exchange, LLC

By:   
Edward J. Joyce  
President

cc: Mark Baumgardner (OCC)