

February 18, 2005

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

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Reference File #2533.01
Rule Certification

Dear Ms. Webb:

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

- **Amendment to Regulation 1950.01(a) per the attached text (additions underlined).**

The referenced amendment will provide as follows concerning the index composition for CBOT 10-Year Municipal Note Index ("MB") futures:

- (1) Partially pre-refunded or partially escrowed-to-maturity bonds will be precluded from initial inclusion in MB's underlying cash market index; and
- (2) Any bonds that have become partially pre-refunded or partially escrowed-to-maturity since initial inclusion in MB's underlying cash market index will be deleted immediately from the index.

The CBOT intends to implement this amendment one day after the Commission's receipt of this submission.

There were no opposing views concerning this amendment.

The CBOT certifies that this amendment complies with the Commodity Exchange Act and the rules thereunder.

Sincerely,

Paul Draths
Vice President and Secretary

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Additions underlined

1950.01 **Index Composition** — The Index shall be constructed by the Exchange in accordance with the following criteria:

- (a) **General Index Composition** — The Index, at all times, shall be composed of no fewer than 100 but no more than 250 municipal bonds that are generally exempt from federal income taxation, including those generally exempt issues whose interest payments may be subject to an alternative minimum tax. The Exchange, in its discretion, may include bonds which meet the following criteria:
1. **Size** — Each bond shall have a principal value that is equal to or greater than \$50 million and shall be a component tranche of a municipal issuance that has a deal size that is equal to or greater than \$200 million.
 2. **Rating** — Each bond shall carry an insured or underlying trading of AAA by Standard and Poor's Corporation (S&P) and Aaa by Moody's Investors Service (MIS) upon initial inclusion in the Index. Bonds that fall below an insured or underlying rating of A- by S&P or A3 by MIS or both shall be deleted from the Index immediately.
 3. **Maturity** — Each bond shall have a remaining maturity that is not less than 10 years or more than 40 years from the first calendar day of the corresponding futures contract month.
 4. **Call Provisions** — Each bond may or may not be callable. If callable, the first call date shall be not less than 7 years from the first calendar day of the corresponding futures contract month.
 5. **Par Issue** — Each bond must have a price that is equal to or greater than 90 at its issuance date to be eligible for inclusion in the Index.
 6. **Private Placements** — A bond that is issued as a private placement is not eligible for inclusion in the Index.

7. Coupon — Each bond shall pay semi-annual interest at a fixed coupon rate that is not less than three percent per annum or greater than nine percent per annum.
8. Issuer Limit — No more than five percent of the number of bonds in the Index shall be from the same issuer. A bond shall be deemed to have been issued by the same issuer if such bond has the same nominal and generic security, that is, the same ultimate source of payment for debt service, of another bond in the Index. A first or second lien bond of the same generic security shall be defined as having been issued by the same issuer.
9. State Limit — No more than fifteen percent of the number of bonds in the Index shall be from within the jurisdictions of the same state, Puerto Rico, or other territorial jurisdictions.
10. Insurance Limit — Each bond may or may not be insured. No more than 40 percent of the number of bonds in the Index shall be insured by Ambac Indemnity Corporation, Financial Guaranty Insurance Corporation, Financial Security Assurance, or MBIA Insurance Corporation.
11. Partially Pre-Refunded or Partially Escrowed-to-Maturity Bonds — The Exchange will exclude partially pre-refunded or partially escrowed-to-maturity bonds, which otherwise meet the above listed criteria of Regulation 1950.01(a), from initial inclusion in the Index. Bonds which become partially pre-refunded or partially escrowed-to-maturity since initial inclusion shall be deleted from the Index immediately.