KANSAS CITY
BOARD OF TRADE

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OFC. OF THE SECRETARIAT

April 4, 2005

SENT VIA E-MAIL

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

Re: Submission pursuant to Commission Regulation Section 40.6(a)

Dear Ms. Webb:

I. **Certification**. The Kansas City Board of Trade ("KCBT") hereby gives notification to the Commission pursuant to Commission Regulation Section 40.6(a), of its intention to amend Rules 2411.00, 2412.00, 2417.02, 2611.01, 2612.00 and Resolution 11-1160.00-1 pertaining to the contract size (multiplier), minimum price fluctuation (tick size) and margins for trading Value Line stock index futures and options contracts. The Board of Directors, in a regular meeting held on March 29, 2005, acting pursuant to authority granted them under Rules 2403.00 and 2601.00, approved the aforementioned amendments. KCBT certifies to the Commission that the amendments to the aforementioned rules are in compliance with the Commodity Exchange Act and the regulations thereunder.

II. **Date of Implementation**. Amended Rules 2411.00, 2412.00, 2417.02, 2611.01, 2612.00 and Resolution 11-1160.00-1 are currently scheduled to become effective as of Sunday, May 8, 2005 for that evening's trading session (trade date 5/9/05). This target date is dependent upon the successful completion and implementation of changes to the exchange's Electronic Trading System.

III. **Substantive Opposing Views**. To the knowledge of the Board of Directors and staff, no substantive opposing views were expressed by members or others regarding the amended rules.

IV. **Text of Amended Rules**. The text of the amended Rules is shown as follows, with additions underlined and deletions lined out:

2411.00 Contract Size. For the purpose of structuring this futures Contract, the numerical value of the VLA's Composite Index is arbitrarily defined as one "unit" of the index. The Contract size is designated as twenty five (25) ~~one hundred (100)~~ "units" of the VLA Index. For trading purposes, the numerical value is assigned a dollar value. However, the Contract will be traded, and the price quoted, on the basis of one "unit" of the VLA. The actual price of the futures contract will be determined in the market by the bids, offers, and sales. As an example, a

~~a.~~ ~~A~~ contract quote of or sale at "1807.50" ~~"98.85"~~ would reflect a contract value of $45,187.50 ~~$9,885~~;

~~b. A contract quote of or sale at "124.65" would reflect a contract value of $12,465, etc.~~

2412.00 Minimum Fluctuations. The minimum fluctuation is measured in .50 ~~.10~~ in terms of the Value Line Index, or $12.50 ~~$10.00~~ per fluctuation in the contract value

2417.02 Delivery Mechanism. The delivery mechanism will operate in the following manner:

a. **Final Settlement Price**. The Final Settlement Price (FSP) shall be determined on the third Friday of the contract month. If the New York Stock Exchange (NYSE) does not open on the day scheduled for the determination of the FSP, then the NYSE-stock component of the FSP shall be based on the next opening prices for NYSE stocks. For any non-NYSE-stock components that do not open on the day scheduled for the determination of the FSP, the last sale price shall be used to determine the FSP. The FSP shall be a special quotation of the Value Line index based on the opening prices of the component stocks in the index, or on the last sale price of a stock that does not open for trading on the day of the determination of the FSP

b. **Settlement**. The FSP times $25 ~~$100~~ will be used to liquidate all remaining open positions. All balances due to and from the Clearing Corporation shall be established at that time and the clearing members so advised (subject to any corrections for errors). The settlement will be handled as if it were a variation deposit adjusted to also reflect proper credit for the initial deposit.

2611.01 Strike Price Interval. The dollar amount of the interval between strike prices shall be $125 ~~$500~~; equivalent to five point (5.00) intervals. (For example, strike prices could be 1800, 1805, 1810, 1815). At the commencement of trading a new option month, the following strike prices shall be listed: the strike price nearest the previous day's settlement price for the underlying futures contract, the next **twenty-four (24)** higher and **twenty-four (24)** lower strike prices. If the previous day's settlement price is midway between two strike prices, the closest strike shall be the next highest strike. (For example - futures settlement is 1807.50, **the next highest** strike is 1810.00.

2612.00 Bids And Offers. Bids and offers for options shall be measured and expressed in increments of .50 ~~.10~~ points ($12.50) ~~($10)~~ per option on one futures contract. However, for options valued at less than .50 ~~.10~~ points, the option premium may be equal to $1.00 (one dollar) per option contract.

RES 11-1160.00-1 Futures Trading; Directors To Establish Margins

a. Margins On Futures.

Value Line®		Initial	Maintenance
1.	Speculative	$ ~~4,500~~ **1,000**	$ ~~3,600~~ **800**
2.	Hedge	~~3,600~~ **800**	~~3,600~~ **800**
3.	Omnibus Account	~~3,600~~ **800**	~~3,600~~ **800**
4.	Member - for own account	~~3,600~~ **800**	~~3,600~~ **800**
5.	Intra-Market Spread	~~100~~ **125**	~~80~~ **100**
	~~K.C. Floor Trader Spread~~	~~-0-~~	~~-0-~~

V. **Rationale for Action Taken**. The Board amended Rules 2411.00, 2412.00, 2417.02, 2611.01, 2612.00 and Resolution 11-1160.00-1 for the following reasons. First, the contract size is being adjusted to a (notional) value that is more comparable to that of other electronically traded stock index futures and options products. The adjusted value will make the contract more attractive to retail users as well as better facilitate ratio spreading between index products. Second, the minimum tick is concurrently being adjusted, so as to maintain a tick size value comparable to that of other stock index futures and options products. Finally, the margin rates relating to the adjusted size contract are being adjusted commensurately.

Any questions regarding this submission should be directed to the undersigned at 816-753-7500.

Sincerely,

Borchardt

Jeff C. Borchardt
President

Cc: Rick Shilts – CFTC Washington
Tom Bloom – CFTC Kansas City
Robin Hagedorn – CFTC Kansas City