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July 19, 2005

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

Reference File # 2566.01
Rule Certification

Dear Ms. Webb:

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

- **Amendments to CBOT Rulebook Appendices 9B.02 and 9B.03 per the attached texts (additions underlined; deletions struck through).**

The referenced amendments will modify the e-cbot[®] Error Trade Policy with respect to options transactions on the Exchange's electronic trading platform. The revised policy is designed to reinforce trade certainty by requiring that erroneous trades be price adjusted, based on transparent and straightforward criteria, rather than being busted.

The CBOT intends to implement these revisions on July 24, 2005.

There were no opposing views concerning these revisions.

The CBOT certifies that these revisions comply with the Commodity Exchange Act and the rules thereunder.

Sincerely,

Paul J. Draths
Vice President and Secretary

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e-cbot ERROR TRADE POLICY

The CBOT's error trade policy is designed to preserve the integrity of CBOT product markets by striking an appropriate balance between trade certainty and erroneous price discovery. The policy provides a mechanism to promptly address transactions that are executed at obviously erroneous prices substantially inconsistent with the last trade price of the contract or alternative determination of the contract's fair value. This policy does not relieve market participants from potential financial responsibility or liability for the execution of trades that are deemed or asserted to be an "error trade" if their actions caused financial loss to other parties ~~whose transactions were busted.~~

1. Invoking the Error Trade Policy

If an e-cbot user believes that he executed a trade through e-cbot at a price that was in error, he must contact e-cbot Market Operations ("e-cbot Operations") at (312) 347-4600 without delay. If e-cbot Operations is not notified within five minutes of the execution time of the asserted error trade, the trade will stand. A third party or e-cbot Operations may also call a trade into question within five minutes of the execution. Trades called into question within five minutes will be evaluated in accordance with sections 2 and 3 of this policy. However, e-cbot Operations has the authority, but not the obligation, to consider trades reported after the five minute deadline provided the trade price in question is grossly (i.e. multiple points) out of line with the last trade price or alternatively determined fair value of the respective contract.

Trades resulting from quantity errors generally will not be called into question.

2. Trade Price Within the "No Bust Range"

If a futures transaction is asserted to be at a price that is in error, the trade shall not be considered for review by e-cbot Operations unless the price of the asserted error trade is greater than the designated number of ticks (as outlined in Appendix 9B-3) from the reference price. The reference price will be the last trade price preceding the entry of the asserted error trade or an alternatively determined fair value of the contract. Fair value for futures contracts may be determined by the last trade price, preceding settlement price, spread relationships and/or other variables deemed relevant by e-cbot Operations. However, during side-by-side hours the reference price on a downside (upside) move will never be higher (lower) than the low (high) of the pit traded price for an equivalent contract during the time period that the prices of the contracts were disjointed. During non-side-by-side hours, the reference price will never be higher (lower) than the low (high) of an equivalently traded contract.

~~If an option trade is asserted to be at a price that is in error, the trade shall not be considered for review by e-cbot Operations unless the price of the asserted error trade conforms to the following guidelines:~~

- ~~1. Trades must be greater than 2 ticks above or below the theoretical price in order to be busted.~~
- ~~2. Trades greater than 2 ticks away from the theoretical price, but less than 20 ticks away from the theoretical price, must be greater than 20% above or below the theoretical price, in order to be eligible to be busted.~~
- ~~3. Trades greater than 20 ticks above or below the theoretical price (40 ticks for the Soybean complex and Dow complex), may be busted even if the tick disparity is less than 20% of the theoretical value.~~

~~If an asserted trade entry error results in trade executions at multiple price levels, the last trade price (if used to determine the reference price) shall be the last trade price prior to the entry of the alleged error trade.~~

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If the ~~asserted error trade is the first trade in a contract that has not previously been opened~~, e-cbot Operations will determine a fair value estimate for the contract, which then will be gauged against the error trade range to determine the final status of the trade.

If e-cbot Operations contacts a member user regarding a suspicious order and the user states that the order is entered correctly, the order (if subsequently executed) may only be called into question by a third party.

Trades that are executed outside of the daily price limits will be busted by e-cbot Operations irrespective of whether the trade(s) falls within the "no bust range" established above.

3. Trade Price Outside of the "No Bust Range"

If the price of the asserted error trade is more than the specified number of ticks from the reference price, e-cbot Operations will send a broadcast message to the user community indicating that the trade has been called into question. If the asserted error trade is outside of the specified tick range and involves only two parties, e-cbot Operations will attempt to contact the parties to the transaction. If both parties agree to bust or re-price the transaction, e-cbot Operations shall send a broadcast message to the user community and an alert to the quote vendor network indicating that the trade was busted or re-priced.

If there is more than one contra-party to the order asserted to have been executed in error, e-cbot Operations will gauge the erroneous transactions against the error trade range to determine the final status of the trades.

4. e-cbot Operations Authority to Halt Markets

e-cbot Operations shall have the authority to halt markets in any contract during extraordinary circumstances where there has been a major market movement without any apparent economic or fundamental basis for movement to have occurred.

5. Decisions of e-cbot Operations

- A. e-cbot Operations will review the circumstances surrounding the ~~alleged~~ asserted error trade to determine whether it should be deemed an error trade and busted. However, subject to the mutual agreement of both parties, the trade may be re-priced in line with the contract's fair value. If the trade is repriced to a level that is below a sell limit price or above a buy limit price, and the customer rejects the trade, the trade must be placed in the error account of the customer's clearing firm. Parties to these transactions are permitted to make cash adjustments to settle losses that occur as a result of the ~~an asserted~~ error trade or an actual error trade. Should parties to a disputed transaction be unable to mutually resolve financial disputes arising from such transactions, arbitration facilities are available through the Exchange. The Arbitration Committee may hold the party who entered the order that resulted in the ~~an asserted error trade~~ or an actual error trade financially responsible for losses that occur as a result of the busted trade(s).

Trade certainty and the timely resolution of asserted error trades are critical objectives of this policy. Therefore, if parties to a disputed transaction do not agree to the terms of resolution, e-cbot Operations reserves the final authority to determine the disposition of the questioned transaction.

During side-by-side trading hours, e-cbot Operations shall, unless impracticable, make its determination within 10 minutes of the broadcast message regarding the ~~potential asserted~~ error trade. During non side-by-side trading hours, e-cbot Operations shall, unless impracticable, make its determination within 15 minutes of the broadcast message regarding the ~~potential asserted~~ error trade. The decisions of e-cbot Operations shall be final, and e-cbot Operations shall send a

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broadcast message and an alert to the quote vendor network indicating whether the trade was busted, re-priced or allowed to stand.

- B. In making its determination, e-cbot Operations may consider relevant factors including, but not limited to: market conditions immediately before and after the transaction; the prices of related contracts; whether one or more parties to the trade believe the trade was executed at a valid price; the extent to which the transaction appeared to trigger contingency orders and other trades; information related to the e-cbot Operations by third parties.

6. Procedures for Correcting Error Trades

In the event a trade is busted, the parties to the transaction must reverse the transaction through applicable clearing house procedures. e-cbot Operations will notify OIA regarding any situation where a party fails to claim or misclear trades in a timely manner. Such failure may be deemed a violation of Rule 504.00, Acts Detrimental to the Welfare of the Association.

Under no circumstances shall the parties to an alleged-asserted error trade be permitted to reverse the error by entering into a prearranged transaction.

If the asserted error trade ~~called into question~~ is determined not to be an actual error trade, the parties to the trade are permitted to mutually agree upon cash adjustment or to arbitrate the matter; ~~any~~ Any such cash adjustment must be reported to e-cbot Operations.

Spreads

Because of the autoleg feature of the e-cbot system, spreads may be executed such that one leg of the spread is determined to be an error trade and the other leg is deemed to have been executed at a good price. In such circumstances, the party who enters an outright order that causes an error trade on an autolegged spread will be deemed to be the counterparty to the good leg of the spread (see Appendix 9B-4). The parties to the transactions will reverse and claim the transactions as indicated through the applicable clearing house procedures.

If an option trade is asserted to be at a price that is in error, the trade shall not be considered for review by e-cbot Operations unless the price of the asserted error trade conforms to the following guidelines:

7. Determination of Option Error Trades

CBOT Market Operations will identify error trades by one of two means:

1. Notification of market participants within five minutes of the execution time of the asserted error trade.
2. Determining that the price of an option or option strategy is greater than the designated number of ticks (as outlined in Table 1) from the fair value.

Table 1:

Products	Ranges-Potential Errors
U.S. Treasury	3 ticks
30 Day Fed Funds	6 ticks
CBOT mini-sized Dow	10 ticks
Commodity	6 ticks

Determining Average Bid and Offer

CBOT Market Operations will calculate a bid price or an offer price in order to determine whether the potential error trade should be considered an error. If the trade is determined to be an error trade, CBOT Market Operations will also use the bid or offer price to determine the price adjustment of the error trade.

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CBOT Market Operations will determine the bid or the offer of an option or an option strategy by using as many as four procedures:

1. Market Operations will observe the bid and the offer prices prior to the potential error occurring.
2. Market Operations will submit RFQs using delta neutral strategies with futures at the same level prior to the execution of the potential error.
3. Market Operations will attempt to contact at least three market makers that were not involved in the potential error trade in order to determine their bids and offers prior to the potential error occurring.
4. During regular trading hours (which are defined as the hours of open auction), Market Operations may also obtain bid and offer prices from the open auction platform using delta neutral strategies with futures at the same level prior to the execution of the potential error.

CBOT Market Operations will determine the average bid or offer price based upon the size of the error trade and the market depth. The average price will be calculated by:

1. Determining the true average (weighted average) bid or offer price.
2. Rounding the true average to the nearest tick value, up for buy orders and down for sell orders.

If the depth of the market in response to the first RFQ is less than the size of the order, CBOT Market Operations will submit a second RFQ for the size of the error trade. CBOT Market Operations will calculate the average bid or offer price based upon the size of the error trade. If the depth of the response to the second RFQ is less than the size of the trade, CBOT Market Operations will calculate an average bid or offer based upon the depth of the market.

Identifying an Error Trade

CBOT Market Operations will consider an option trade an error if it determines one of the following:

1. The trade has been executed at a price at least two ticks below the determined bid price in the case of a sell error.

The trade has been executed at a price at least two ticks above the determined offer price in the case of a buy error.

Determining an Adjustment for Option Error Trades

Option error trades **may not be resolved through a busting of the disputed transactions.** They may **only** be resolved via a price adjustment based on the price which is one tick less than the determined bid price in the case of a sell error or one tick greater than the determined offer price in the case of a buy error.

78. Arbitration Procedures

Arbitrations relating to asserted error trades are limited to trades that are determined by e-cbot Operations to be an error trade. A In CBOT Arbitrations involving actual error trades or asserted error trades, a notice of intention to arbitrate must be filed within ten business days after the date of the error trade. The party that caused the error may be held responsible for realized losses incurred by parties whose trades were busted as a result of the error.

89. Error Trade Fees

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The party responsible for the error must pay a \$1,000 fee for each of the first two error trades, \$3,000 for the 3rd error trade, and \$5,000 for each subsequent error trade within a calendar year.

(11/01/03)

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TICK BREAKDOWN PER CBOT PRODUCT

Product	Symbol	Minimum Tick Increment	"No Bust Range"*	Tick Increment of "No Bust Range"	Dynamic Price Limits	Daily Price Limit
U.S. T-Bond	ZB	1/32	96 ticks	3 points	30/32nds	N/A
U.S. T-Bond Options	OZB	1/64	20 ticksN/A	20/64thsN/A	20/64ths	N/A
10 Yr. T-Note	ZN	(1/2)/32	192 ticks	3 points	15/32nds	N/A
10 Yr. T-Note Options	OZN	1/64	20 ticksN/A	20/64thsN/A	20/64ths	N/A
5 Yr. T-Note	ZF	(1/2)/32	192 ticks	3 points	15/32nds	N/A
5 Yr. T-Note Options	OZF	1/64	20 ticksN/A	20/64thsN/A	20/64ths	N/A
2 Yr. T-Note	ZT	(1/4)/32	384 ticks	3 points	7.5/32nds	N/A
2 Yr. T-Note Options	OZT	(1/2)/64	20 ticksN/A	10/64thsN/A	10/64ths	N/A
Muni-Note Index	ZU	1/32	20 ticks	20/32nds	20/32nds	N/A
30-Day Fed Funds	ZQ	1/2 Basis Point	20 ticks	10 Points	10 points	N/A
30-Day Fed Funds Options	OZQ	1/4 Basis Point	20 ticksN/A	5 PointsN/A	5 points	N/A
10 Yr. Interest Rate Swaps	SR	1/32	20 ticks	20/32nds	20/32nds	N/A
10 Yr. Interest Rate Swaps Options	OSR	1/64	20 ticksN/A	20/64thsN/A	20/64ths	N/A
5 Yr. Interest Rate Swaps	SA	(1/2)/32	20 ticks	10/32nds	10/32nds	N/A
5 Yr. Interest Rate Swaps Options	OSA	1/64	20 ticksN/A	20/64thsN/A	20/64ths	N/A
Bund	GBL	.01 of 1 Point	20 ticks	.20 of 1 Point	.20 points	N/A
Bobl	GBM	.01 of 1 Point	20 ticks	.20 of 1 Point	.20 points	N/A
Schatz	GBS	.01 of 1 Point	20 ticks	.20 of 1 Point	.20 points	N/A
Dow AIG Commodity Index	AI	0.1 Points	40 ticks	4 Points	4 points	N/A
DJIA (\$10)	ZD	1 Point	250 Points	250 Points	40 points	10%, 20% and 30% Circuit Breakers
DJIA Options	OZD	1/2 Point	40 ticksN/A	20 PointsN/A	20 points	10%, 20% and 30% Circuit Breakers
mini-sized Dow (\$5)	YM	1 Point	250 Points	250 Points	40 points	10%, 20% and 30% Circuit Breakers
mini-sized Dow Options	OYM	1 Point	40 ticksN/A	40 PointsN/A	40 points	10%, 20% and 30% Circuit Breakers

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Product	Symbol	Minimum Tick Increment	"No Bust Range"*	Tick Increment of "No Bust Range"	Dynamic Price Limits	Daily Price Limit
mini-sized Eurodollar	YE	½ Basis Point	10 ticks	5 Points	5 points	N/A
100 oz. Gold	ZG	10 cents	40 ticks	\$4.00	\$4.00	N/A
mini-sized Gold	YG	10 cents	40 ticks	\$4.00	\$4.00	N/A
5,000 oz. Silver	ZI	1/10 cent	80 ticks	8 cents	8 cents	N/A
mini-sized Silver	YI	1/10 cent	80 ticks	8 cents	8 cents	N/A
Ethanol	ZE	1/10 cent	40 ticks	4 cents	4 cents	15 cents
Corn	ZC	¼ cent	40 ticks	10 cents	10 cents	20 cents
Corn Options	OZC	1/8 cent	20 ticks N/A	2½ cents N/A	2½ cents	20 cents
Wheat	ZW	¼ cent	40 ticks	10 cents	10 cents	30 cents
Wheat Options	OZW	1/8 cent	20 ticks N/A	2½ cents N/A	2½ cents	30 cents
Oat	ZO	¼ cent	40 ticks	10 cents	10 cents	20 cents
Oat Options	OZO	1/8 cent	20 ticks N/A	2½ cents N/A	2½ cents	20 cents
Rough Rice	ZR	½ cent	40 ticks	20 cents	20 cents	50 cents
Rough Rice Options	OZR	¼ cent	20 ticks N/A	5 cents N/A	5 cents	50 cents
South American Soybeans	ZK	¼ cent	80 ticks	20 cents	20 cents	50 cents
Soybeans	ZS	¼ cent	80 ticks	20 cents	20 cents	50 cents
Soybean Options	OZS	1/8 cent	40 ticks N/A	5 cents N/A	5 cents	50 cents
Soybean Meal	ZM	10 cents	80 ticks	\$8.00	\$8.00	\$20
Soybean Meal Options	OZM	5 cents	40 ticks N/A	\$2.00 N/A	\$2.00	\$20
Soybean Oil	ZL	1/100 cents	80 ticks	.80 cents	.80 cents	2 cents
Soybean Oil Options	OZL	5/1000 cents	40 ticks N/A	.20 cents N/A	.20 cents	2 cents

*Option products are shown in this chart to indicate the greatest number of ticks defined as the "No Bust Range". (See Section 2, "Options")

(07/01/05)