

December 18, 2003

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

2003 DEC 19 AM 09:30
COMM-FUT-REG

Reference File # 2394.01
Rule Certification

Dear Ms. Webb:

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

- **Modification of an existing CBOT Market Making Permit program and an extension of the program through June 30, 2004. (Summary of the program's intended salient features is attached.)**

The referenced permit program includes trading privileges in both Agency and Interest Rate Swap futures, and previously has been titled the Agency Market Maker Permit program. In its revised form, it will be renamed the Swap Market Making Permit Program. The referenced extension will keep the program in effect for six months beyond its previously scheduled (December 31, 2003) expiration.

The CBOT intends to implement this program as of January 1, 2004.

There were no opposing views among the CBOT's Board of Directors concerning this program.

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

Sincerely,

Paul J. Draths
Vice President and Secretary

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ATTACHMENT 1
SWAP MARKET-MAKING PERMIT PROGRAM

- The permits will allow holders to trade directly in the 10-year agency futures, 2-year Treasury note futures, 5-year Treasury note futures, 5-year agency futures, and CBOT Interest Rate Swap future contracts and any spreads executed at a differential in the Agency/Swap pit. Additionally, permit holders will have flashing privileges into the 10-year Treasury note and 30-year Treasury bond pits.
- Account Type 1 fees shall be applied to Swap Market Making Permit holders for trades in 5 and 10-Year Agency futures, 2, 5, 10, and 30-Year Treasury futures, and 5 and 10-Year Swap futures as defined in the CBOT Exchange Transaction Fee Schedule effective January 1, 2004. Account Type 3 fees shall apply for all other CBOT products if the Permit Holder does not hold the appropriate membership class for such products. Permit holders are not subject to Delegate Transaction Fee Surcharges.
- Permit holders may delegate (lease out) any membership(s) which they own while holding the Swap Market-Making permit.
- The permit holder's trading activity will be reviewed on a monthly basis, taking into consideration the following:
 - volume of the Permit Holder's trading activity in the agency contract relative to the contract's overall volume;
 - Pit Committee input as to whether the Permit Holder is meeting his or her anticipated two-sided market making size;
 - percentage of the Permit Holder's overall activity that is executed in the agency contract;
 - Permit Holder's overall contribution to the growth and sustenance of the contract.

The CBOT holds the right to revoke a permit based on any of the above referenced items.

- The program will run through June 30, 2004.
- The CBOT will compensate Permit Holders that trade 5-year and 10-year swap futures. In order to qualify for payment under this program, Permit Holders must trade at least 4,000 sides of swap futures (5 and 10-year swap futures) per calendar month. Once this threshold is met, the CBOT will compensate Permit Holders for their total trading volume in the 5-year and 10-year swap futures contracts in accordance with the following payment schedule:

<i>Monthly Volume</i>	<i>Compensation Rate</i>	<i>Total Compensation</i>
0 to 3,999 sides	\$0 per side	\$0
4,000 sides	\$1.50 per side	\$6,000.00
4,001 to 6,000 sides	\$1.00 per side	\$2,000.00
6,001 to 10,000 sides	\$0.50 per side	\$2,000.00
>10,000 sides	\$0 per side	\$0
	Total Compensation	\$10,000.00

Note that only members that trade a minimum of 4,000 sides per calendar month are eligible to receive payment. The maximum monthly payment to each Permit Holder enrolled in the program is \$10,000.00 (ten thousand dollars).

- All Permit Holders must ensure that their National Futures Association (NFA) status is current and that a valid primary clearing member is on file with the CBOT Member Services Department.