

April 22, 2004

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

Reference File #2439.03
Rule Certification

Dear Ms. Webb:

Pursuant to Commission Regulation 40.6, the Chicago Board of Trade (CBOT®) hereby submits the following with respect to CBOT When Issued 2-Year U.S. Treasury Note futures:

- **Amendments to Regulations XX04.01, XX06.01, XX36.01, 425.01, and 425.14 per the attached texts (additions underlined; deletions struck through).**

Revised Regulation XX04.01 will clarify the unit of trading. Revised Regulations XX06.01 and XX36.01 will specify a modified pricing convention. Revised Regulations 425.01 and 425.14 will replace position accountability with 8,000 contract speculative position limits in the spot month and in all months combined. Additionally, in keeping with CFTC and U.S. Treasury Department regulatory guidelines, the spot month position limit will not be allowed to exceed 17.5% of the announced auction amount of the underlying Treasury security.

The CBOT intends to implement these amendments no sooner than one day after the Commission's receipt of this filing.

There were no opposing views among the CBOT's Board of Directors regarding these amendments.

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

Sincerely,

Paul J. Draths
Vice President and Secretary

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(Additions are underlined; deletions are struck through.)

XX04.01 **Unit of Trading** — The unit of trading for a WI 2-Year Treasury Note futures contract shall be approximately \$500,000 notional par value of a 2-year Treasury note regularly scheduled for auction during the contract's delivery month.

XX06.01 **Price Basis** — The price of WI 2-Year Treasury Note futures shall be quoted on an index basis of 100 minus the yield of the 2-year Treasury note auction regularly scheduled during the contract's delivery month (e.g., a yield of 6.50% is quoted at 93.50). One basis point (0.01) shall be equal to \$92.92. The minimum price fluctuation shall be one quarter of one basis point (0.0025), which is equal to \$23.23. Contracts shall not be made on any other price basis.

~~The price of WI 2-Year Treasury Note futures shall be quoted in yield basis points and fractions of yield basis points. (One full percentage point of yield (1.00) equals one hundred basis points.) One basis point (0.01) shall be equal to \$92.92. The minimum price fluctuation shall be one quarter of one basis point (0.0025), which is equal to \$23.23. Contracts shall not be made on any other price basis.~~

XX36.01 **Standards** — The contract grade shall be 100 minus the final settlement yield of the unit of trading (as defined in Regulation XX04.01 of this chapter) on the last day of trading (as defined in Regulation XX09.01 of this chapter).

The final settlement yield shall be the outcome of the 2-year Treasury note auction regularly scheduled during the contract's delivery month, rounded up to the nearest one quarter (1/4) of one basis point.

In the event that the final settlement yield is at the exact midpoint between any two adjacent quarters of one basis point, the final settlement yield will be obtained by rounding up to the nearest one quarter of one basis point.

If the U.S. Treasury Department cancels or postpones a previously regularly scheduled 2-year note auction, or declines to auction a 2-year note during a delivery month for which the Exchange already has listed a WI 2-Year Treasury Note futures contract, then the final settlement yield shall be the 2-year Treasury constant maturity yield for the last day of trading (as specified under this contingency in Regulation XX09.01), as published by the Board of Governors of the Federal Reserve System in its Daily Update to the H.15 Statistical Release ("Selected Interest Rates"). Said Daily Update to the H.15 Statistical Release generally will be published on the first business day following the last day of trading.

425.01 Position Limits —

(a) For the purposes of this Regulation, the following are definitions of titles used in position limit chart:

Spot Month — Spot month futures-equivalent position limit net long or net short effective at the start of trading on the first business day prior to the first trading day of the spot month.

Single Month — Futures-equivalent position limit net long or net short in any one month other than the spot month.

All Months — Position limit net long or net short in all months and all strike prices combined. Note: Long futures contracts, long call options, and short put options are considered to be on the long side of the market while short futures contracts, long put options, and short call options are considered to be on the short side of the market. For each commodity, the futures-equivalents for both the options and futures contracts are aggregated to determine compliance with the net long or net short same side position limits.

Reportable Futures Level — Reportable futures position in any one month.

Reportable Options Level — Reportable options position in any one month in each option category. Note: Option categories are long call, long put, short call, and short put.

Net Equivalent Futures Position — Each option contract has been adjusted by the prior day's risk factor, or delta coefficient, for that option which has been calculated by the Board of Trade Clearing Corporation.

For the purpose of this Regulation:

(i) An option contract's futures-equivalency shall be based on the prior day's delta factor for the option series, as published by the Board of Trade Clearing Corporation. For example, 8 long put contracts, each with a delta factor of 0.5, would equal 4 futures-equivalent short contracts.

(ii) Long futures contracts shall have a delta factor of +1, and short futures contracts shall have a delta factor of -1.

(iii) Long call options and short put options shall have positive delta factors.

(iv) Short call options and long put options shall have negative delta factors.

(v) An eligible option/option or option/futures spread is defined as an intra-month or inter-month position in the same Chicago Board of Trade commodity in which the sum of the delta factors is zero.

(b) Except as provided in Regulations 425.03, 425.04 and 425.05, the maximum positions which any person may own, control, or carry are as follows:

(Note: All position limits and reportable positions are in number of contracts and are based on futures or *Net Equivalent Futures Positions.)

*Please see section (a) of this Regulation for definition.

CONTRACT	*SPOT MONTH	*SINGLE MONTH	*ALL MONTH	*REPORTABLE FUTURES LEVEL	*REPORTABLE OPTIONS LEVEL
WI 2-Year Treasury Note	8,000 (see #12) None	None	8,000 (see #12) None	500	
Bund	None	None	None	1,000	
Bobl	None	None	None	800	
Schatz	None	None	None	500	
10-Year Interest Rate Swap	None	None	None	500	500
5-Year Interest Rate Swap	None	None	None	500	500
CBOT Dow Jones Industrial Average sm Index	None	None	50,000 (aggregate DJIA sm limit, see #9)	100	100
CBOT mini-sized Dow sm (\$5 multiplier)	None	None	50,000 (aggregate DJIA sm limit, see #9)	100	100
CBOT Dow TMI sm	None	None	50,000	25	
CBOT Dow Jones-AIG Commodity Index sm	None	None	15,000	25	
CBOT mini-sized Silver	1,500	1,500	3,000	750	
CBOT mini-sized Gold	4,000	4,000	6,000	600	
U.S. Treasury Bonds	None	None	None	1,000	1,000
mini-sized U.S. Treasury Bonds	None	None	None	1,000	
U.S. Treasury Notes (5yr.)	None	None	None	800	800
U.S. Treasury Notes (6 1/2-10yr.)	None	None	None	1,000	1,000
mini-sized U.S. Treasury Notes (6 1/2-10 yr.)	None	None	None	1,000	
U.S. Treasury Notes (2yr.)	None	None	None	500	500
30 Day Fed Fund	None	None	None	300	300
10-Year Municipal Note Index	5,000	None	5,000	100	
mini-sized Eurodollars	10,000	10,000	10,000	400	
Corn and CBOT mini-sized Corn	600 (aggregate, see #10)	5,500 (aggregate, see #1, 10)	9,000 (aggregate, see #1, 3, 10)	150 (individual, see #11)	150
Soybeans and CBOT mini-sized Soybeans	600 (aggregate, see #10)	3,500 (aggregate, see #1, 10)	5,500 (aggregate, see #1, 4, 10)	100 (individual, see #11)	100
Wheat and CBOT mini-sized Wheat	600 (aggregate, see #8, 10)	3,000 (aggregate, see #1, 10)	4,000 (aggregate, see #1, 7, 10)	100 (individual, see #11)	100
Oats	600	1,000 (see#1)	1,500 (see#1,6)	60	60
Rough Rice	600 (see#5)	1,000	1,000 (see#2)	50	50
Soybean Oil	540	3,000 (see#1,7)	4,000 (see#1,7)	200	200
Soybean Meal	720	3,000 (see#1,7)	4,000 (see#1,7)	200	200

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425.01 Position Limits —

#12 The Chicago Board Trade reserves the right to adjust spot month and aggregate position limits in the When Issued (WI) 2-Year U.S. Treasury Note futures contract based upon changes in the announced auction amount of 2-year U.S. Treasury notes. At no time will the spot month speculative position limit be allowed to exceed 17.5 percent of the announced auction size.

~~425.14 — Position Accountability in WI 2-Year Treasury Note futures — A person as defined in Regulation 425.01(e), who owns or controls more than 5,000 WI 2-Year Treasury Note futures contracts, net long or net short in all months combined, shall thereby be subject to the following provisions:~~

- ~~• Such person shall provide, in a timely manner upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.~~
- ~~• Such person automatically shall consent, when so ordered by the Exchange acting in its discretion, not to increase further the position in WI 2-Year Treasury Note futures contracts that exceeds the above-referenced 5,000 contract level.~~
- ~~• Such positions must be initiated and liquidated in an orderly manner.~~

~~For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.~~

~~Nothing herein shall limit the jurisdiction of the Exchange.~~