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April 27, 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 Rule 918.00 (Error Trade Policy) Subsection 2 pertaining to the "No Bust Range" for Value Line stock index futures and options contracts. The Board of Directors, in a regular meeting held on April 26, 2005, acting pursuant to authority granted them under Rule 901.01, approved the aforementioned amendments. KCBT certifies to the Commission that the amendments to the aforementioned rule are in compliance with the Commodity Exchange Act and the regulations thereunder.
- II. **Date of Implementation.** Amended Rule 918.00 is 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 rule.
- III. **Text of Amended Rule.** The text of the amended Rule 918.00 is shown as follows, with additions underlined and deletions lined out:

**Rule 918.00 Error Trade Policy.**

**2. Trade Price Within the "No Bust Range"**

- a. **Futures** - If a futures transaction is asserted to be at a price that is in error, the trade shall not be considered for review by Operations unless the price of the asserted error trade is greater than the designated number of ticks (see chart below) from the reference price. The reference price will be the last trade price preceding the entry of the 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 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.

- b. **Options** - If an option trade is asserted to be at a price that is in error, the trade shall not be considered for review by Operations unless the price of the asserted error trade conforms to the following guidelines:
- i. Trades must be greater than 2 ticks above or below the theoretical price in order to be eligible to be busted.
  - ii. Trades greater than 2 ticks away from the theoretical price, but less than 20 ticks away from the theoretical price (~~16~~ 40 ticks for Value Line), must be greater than 20% above or below the theoretical price, in order to be eligible to be busted.
  - iii. Trades greater than 20 ticks above or below the theoretical price (~~16~~ 40 ticks for Value Line), may be busted even if the tick disparity is less than 20% of the theoretical value.

**No Bust Range by Product\***

(\* For options, the no bust range shown below is the greatest number of ticks defined as the no bust range pursuant to 2(b) above)

Product	Symbol	Minimum Tick Increment	No Bust Range	Tick Increment of No Bust Range
Wheat Futures	KE	1/4 cent	40 ticks	10 cents
Wheat Options	OKE	1/8 cent	20 ticks	2 1/2 cents
Value Line® Futures	MV	.50 .40 Point	<del>80</del> 400 ticks	<del>40</del> 40 Points
Value Line® Options	OMV	.50 .40 Point	<del>16</del> 20 ticks	<del>8</del> 2 Points

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.

If the asserted error trade is the first trade in a contract that has not previously been opened, 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 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.

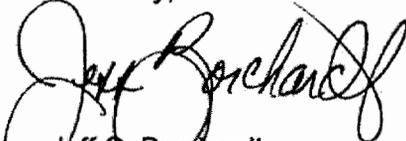
Trades that are executed outside of the daily price limits will be busted by Operations irrespective of whether the trade(s) falls within the "no bust range" established above.

V. **Rationale for Action Taken.** The Board previously amended and filed with the Commission changes to the contract size and minimum price fluctuation of the Value Line stock index futures and options contracts. In that regard, amendments to Rule 918.00 were necessary in order to maintain consistency in the application of the dollar value risk of the no bust range. The amendments maintain a dollar-equivalent no bust range of \$1,000 for Value Line futures contracts and \$200 for Value Line options contracts.

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

Sincerely,



Jeff C. Borchardt  
President

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