

November 9, 2005

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

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Reference File #2597.01
Rule Certification

Dear Ms. Webb:

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

- **Revisions to regulations in CBOT Rulebook Chapter 25, which set forth contract specifications for Medium Term (5 Year) Treasury Note futures, per the attached text (additions underlined; deletions struck through).**

These revisions were prompted by a recent U.S. Treasury Department announcement that its auction schedule for new 5-year notes will be modified, beginning in February 2006, to occur at month end rather than mid-month. Under the revised CBOT regulations, 5-year notes auctioned and issued during the delivery month of an expiring Medium Term Treasury Note futures contract will continue to be deliverable into the expiring contract. Specifically, under revised Regulations 2509.01 and 2546.01:

- The last trading day in an expiring contract will be extended, from the eighth-to-last business day of the delivery month, to the last business day of the delivery month;
- The last intention day for delivery will be the business day following last trading day; and
- The last delivery day will be the third business day following last trading day.

Other Chapter 25 regulation changes have been made for conformity with the above and also include non-material amendments made for purposes of clarity and simplicity.

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The Exchange intends to implement these amendments for newly-listed contract months, beginning with June 2006 and forward, as of the business day following the Commission's receipt of this filing. Concurrently with this implementation and the public announcement thereof, the Exchange also intends to reinstate trading authorization for the Medium Term Treasury Note contracts that were delisted temporarily as of November 3, 2005 (i.e., June, September and December 2006 futures and June 2006 options).

There were no opposing views among the CBOT Board of Directors concerning 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

B110905

Chapter 25

Medium Term U.S. Treasury Note Futures (~~5 Year~~)

Ch25 Trading Conditions

2501.00 Authority - Trading in Medium Term Treasury Note futures may be conducted under such terms and conditions as may be prescribed by regulation (See Rule 1701.00) (10/01/94)

2502.01 Application of Regulations - Trading in Medium Term Treasury Note futures shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in Medium Term Treasury Note futures. Medium Term Treasury Note futures are listed for trading by the Exchange pursuant to Commodity Futures Trading Commission exchange certification procedures.

~~Futures transactions in medium term U.S. Treasury Notes shall be subject to the general rules of the Exchange as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in medium term U.S. Treasury Notes. (04/01/05)~~

2503.01 Emergencies, Acts of God, Acts of Government - If the delivery or acceptance or any precondition or requirement of either, is prevented by strike, fire, accident, act of government, act of God or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances, and its decision shall be binding upon all parties to the contract. For example, and without limiting the Board's power, it may extend delivery dates and designate alternative delivery points in the event of conditions interfering with the normal operations of approved facilities.

In the event the Board determines that there exists a shortage of deliverable U.S. Treasury Notes, it may, ~~upon a two-thirds vote under Rule 180.00,~~ take such action as may in the Board's sole discretion appear necessary to prevent, correct or alleviate the condition. Without limiting the foregoing or the authority of the Board under Rule 180.00, the Board may:

- (1) designate as deliverable ~~U.S. Treasury Bonds~~ that otherwise meeting the specifications and requirements stated in this chapter;
- (2) designate as deliverable one or more issues of U.S. Treasury Notes and/or U.S. Treasury Bonds that haveing remaining time to maturityies shorter than four years and two months, or longer than five years and threewe months, and that otherwise meeting the specifications and requirements stated in this chapter.
- (3) determine a cash settlement based on the ~~current cash value of a 6% coupon rate, five year U.S. Treasury Note, as determined by using the current cash market yield curve for U.S. Treasury securities on the last day of trading. (03/01/00)~~

2504.01 Unit of Trading - The unit of trading shall be ~~U_nited S_tates Treasury Notes~~ having a face value at maturity of one hundred thousand dollars (\$100,000) or multiples thereof. ~~(10/01/94)~~

2505.01 Months Traded In - Trading in Medium ~~Term U.S. Treasury N~~otes futures may be scheduled in such months as determined by the Exchange. ~~(03/01/00)~~

2506.01 Price Basis - The price of a Medium Term Treasury Note futures contract shall be quoted in points. Par shall be on the basis of 100 points. One point shall equal \$1,000.00. The minimum price fluctuation shall be one half of one thirty-second (1/32) of one point (or \$15.625 per contract) except for

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intermonth spreads, for which the minimum price fluctuation shall be one-fourth of one thirty-second of one point (or \$7.8125 per contract). Contracts shall not be made on any other price basis.

~~Minimum price fluctuations shall be in multiples of one half of one thirty-second (1/32) point per 100 points (\$15.625 rounded up to the nearest 1¢ per contract) except for intermonth spreads, where minimum price fluctuations shall be in multiples of one fourth of one thirty-second point per 100 points (\$7.8125 per contract). Par shall be on the basis of 100 points. Contracts shall not be made on any other price basis. (02/01/01)~~

2507.01 Hours of Trading - The hours of trading for Medium Term future delivery in U.S. Treasury Note futures shall be determined by the Exchange~~the Board~~. On the last day of trading in an expiring contract~~future~~, the closing time for such contract~~future~~ shall be 12:00 noon Chicago time subject to the provisions of the second paragraph of Rule 1007.00. The market shall be opened and closed for all months simultaneously or in such other manner as the Exchange~~Regulatory Compliance Committee~~ shall direct. ~~(10/01/94)~~

2509.01 Last Day of Trading - ~~No trades in medium term U.S. Treasury Note futures deliverable in the current month shall be made during the last seven business days of that month and~~ The last day of trading in an expiring Medium Term Treasury Note futures contract shall be the last business day of the contract's named month of expiration (Regulation 2546.01). ~~a~~Any contracts remaining open after trading in such contracts has ceased must be settled by delivery as provided in Regulation 2509.02 after trading in such contracts has ceased. ~~(10/01/94)~~

2509.02 Liquidation after Trading has Ceased in the Last Seven Days of the Delivery Month - After trading in expiring contracts for future delivery in the current delivery month has ceased in accordance with Regulation 2509.01~~4~~ of this chapter, an outstanding contracts may be liquidated by the delivery of book-entry U.S. Treasury Notes (Regulation 2542.01), or by mutual agreement by means of a bona fide exchange of such expiring contracts current futures for actual U.S. Treasury Notes or comparable instruments, or by mutual agreement by means of a bona fide exchange of such expiring contracts current futures for, or in connection with, a swap transaction (per Regulation 444.04). Such exchanges must, in any event, be made no later than noon Chicago time on the business day immediately following the last day of trading in the expiring contract (Regulation 2509.01), the fifth business day immediately preceding the last business day of the delivery month. ~~(03/01/04)~~

2510.01 Margin Requirements - (See Regulation 431.03) ~~(10/01/94)~~

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Ch25 Delivery Procedures

2536.01 Standards - The contract grade for delivery on futures contracts made under these regulations shall be U.S. Treasury Notes which have an original time to maturity of not more than five years three months and which have a remaining time to maturity of not less than four years and two months as defined below. To be delivered in the current month, the note must have been issued by the Treasury before the last day of trading in the current month. All notes or bonds delivered against a contract must be of the same issue. For the purpose of determining contract grade settlement, the time to maturity of a given issue is calculated in complete one-month increments (i.e.g., 4 years, 5 months, and 14 days is taken to be 4 years and 5 months) from the first day of the delivery month contract delivery month. U.S. Treasury Notes deliverable against futures contracts under these regulations must have fixed semi-annual coupon payments.

~~The price at which a note with this time to maturity and with the same coupon rate as this issue will yield 6%, according to bond tables prepared by the Financial Publishing Co. of Boston, Mass., is multiplied by the settlement price to arrive at the amount which the short invoices the long.~~

New issues of U.S. Treasury Notes that satisfy the standards in this regulation shall be added to the deliverable grade as they are issued. If, by auctioning a note that meets the standards of this chapter, the U.S. Treasury Department re-opens an existing Treasury issue that does not otherwise meet the standards of this chapter, such that the existing issue's payment dates and amounts are indistinguishable from the newly auctioned issue's payment dates and amounts, then the older issue shall also be deemed to meet the standards of this chapter and shall be deliverable.

All U.S. Treasury Notes delivered against a futures contract must be of the same Note issue. The amount at which the short Clearing Member invoices the long Clearing Member for delivery of said Note against a futures contract shall be determined by multiplying:

(a) the contract settlement price, quoted in points and halves of one thirty-second (1/32) of one point (Regulation 2506.01), on the day that the short Clearing Member gives the Clearing Services Provider notice of intention to deliver (Regulation 2542.01), and

(b) the price at which a note with the same time to maturity as said Note (or same time to first call, if said Note is callable), and the same coupon rate as said Note, and with par value of one (1), will yield 6% according to bond tables prepared by the Financial Publishing Co. of Boston, Mass., and

(c) the contract size of \$1,000 per price point (Regulation 2506.01).

Interest accrued on said Note shall be charged to the long Clearing Member by the short Clearing Member in accordance with Department of the Treasury Circular 300, Subpart P.

Notwithstanding the foregoing, the Exchange shall have the right to exclude any new issue from deliverable status or to further limit outstanding issues from deliverable status.

~~Interest accrued on the notes shall be charged to the long by the short in accordance with Department of the Treasury Circular 300, Subpart P.~~

~~New issues of U.S. Treasury Notes which satisfy the standards in this regulation shall be added to the deliverable grade as they are issued. If during the auction of a note which will meet the standards of this chapter the Treasury re-opens an existing issue, thus rendering the existing issue indistinguishable from the newly auctioned one, the older issue is deemed to meet the standards of this chapter and would be deliverable. The Exchange shall have the right to exclude any new issue from deliverable status or to further limit outstanding issues from deliverable status. (03/01/00)~~

2542.01 Deliveries on Futures Contracts - Delivery against a Medium Term Treasury Note futures contract that is deliverable in the contract's named month of expiration shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Regulation 2580.01) in accordance with Department of Treasury Circular 300, Subpart O: Book-Entry Procedure. Delivery must be made no later

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than the last business day of the contract delivery month, as defined in Regulation 2546.01. Notice of intention to deliver shall be given by the short Clearing Member to the Clearing Services Provider by 8:00 p.m. Chicago time, or by such other time designated by the Exchange, on the second business day preceding delivery day.

On delivery day, the short Clearing Member must have contract grade U.S. Treasury Notes in place at his bank, in delivery form that is acceptable to his bank, by 10:00 a.m. Chicago time, or by such other time designated by the Exchange. The short Clearing Member must notify his bank (Regulation 2580.01) to transfer contract grade U.S. Treasury Notes by book-entry to the long Clearing Member's account at the long Clearing Member's bank on a delivery versus payment basis. That is, payment shall not be made until the notes are delivered.

On delivery day, the long Clearing Member must make funds available by 7:30 a.m. Chicago time, or by such other time designated by the Exchange. The long Clearing Member must notify his bank (Regulation 2580.01) to accept contract grade U.S. Treasury Notes and to remit federal funds to the short Clearing Member's account at the short Clearing Member's bank (Regulation 2580.01) in payment for delivery of the notes. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. Chicago time, or by such other time designated by the Exchange, on delivery day.

On delivery day, contract grade U.S. Treasury Notes must be transferred and payment must be made before 1:00 p.m. Chicago time, or by such other time designated by the Exchange.

All deliveries must be assigned by the Clearing Services Provider. Where a futures commission merchant, as a Clearing Member, has an interest both long and short for customers on its own books, it must tender to the Clearing Services Provider such notices of intention to deliver as it receives from its customers who are short.

~~Deliveries against medium term U.S. Treasury Note futures contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks (Regulation 2580.01) in accordance with Department of Treasury Circular 300, Subpart O: Book Entry Procedure. Delivery must be made no later than the last business day of the month. Notice of intention to deliver shall be given to the Clearing Services Provider by 8:00 p.m. (Chicago time), or by such other time designated by the Exchange, on the second business day preceding delivery day. In the event the long Clearing Member does not agree with the terms of the invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member, and the dispute must be settled by 9:30 a.m. (Chicago time), or by such other time designated by the Exchange, on delivery day. The short Clearing Member must have contract grade U.S. Treasury notes at his bank in acceptable (to his bank) delivery form by 10:00 a.m. (Chicago time), or by such other time designated by the Exchange, on delivery day. The short Clearing Member must notify his bank (Regulation 2580.01) to transfer contract grade U.S. Treasury notes by book entry to the long Clearing Member's account on a delivery versus payment basis. That is, payment shall not be made until the notes are delivered. On delivery day, the long Clearing Member must make funds available by 7:30 a.m. (Chicago time), or such other time designated by the Exchange, and notify his bank (Regulation 2580.01) to accept contract grade U.S. Treasury notes and to remit federal funds to the short Clearing Member's account at the short Clearing Member's bank (Regulation 2580.01) in payment for delivery of the notes. Contract grade U.S. Treasury notes must be transferred and payment must be made before 1:00 p.m. (Chicago time), or such other time designated by the Exchange, on delivery day. All deliveries must be assigned by the Clearing Services Provider. Where a futures commission merchant as a clearing member has an interest both long and short for customers on its own books, it must tender to the Clearing Services Provider such notices of intention to deliver as it received from its customers who are short. (01/01/04)~~

2542.02 Wire Failure - In the event that delivery cannot be accomplished because of a failure of the Federal Reserve wire, or because of a failure of access to the Federal Reserve wire on the part of either the long Clearing Member's bank or the short Clearing Member's bank, delivery shall be made before 9:30 a.m. Chicago time on the next business day on which the Federal Reserve wire is operable. Interest shall accrue to the long Clearing Member, and shall be paid by the short Clearing Member, beginning on the day on which the notes were to be originally delivered.

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~~In the event that delivery cannot be accomplished because of a failure of the Federal Reserve wire or because of a failure of either the long Clearing Member's bank or the short Clearing Member's bank access to the Federal Reserve wire, delivery shall be made before 9:30 a.m. on the next business day on which the Federal Reserve wire is operable. Interest shall accrue to the long paid by the short beginning on the day at which the notes were to be originally delivered.~~

~~In the event of such failure, both the long Clearing Member and the short Clearing Member must provide documented evidence that the instructions were given to their respective banks in accordance with Regulations 2542.01 and 2549.04 and that all other provisions of Regulations of 2542.01 and 2549.04 have been complied with.~~ (10/01/94)

2546.01 Date of Delivery - Delivery of contract grade medium-term U.S. Treasury Notes may be made by the short upon any permissible delivery day of the ~~delivery month~~ contract delivery month the short may select. The contract delivery month shall be defined so as to extend to, and to include, the third business day following the last day of trading of the contract's named month of expiration. Delivery of ~~medium-term contract grade~~ U.S. Treasury Notes must be made no later than the last business day of the contract delivery at month, so defined. (10/01/94)

2547.01 Delivery Notices - (See Regulation 1047.01) (10/01/94)

2548.01 Method of Delivery - (See Regulation 1048.01) (10/01/94)

2549.00 Time of Delivery, Payment, Form of Delivery Notice - (See Rule 1049.00) (10/01/94)

2549.02 Buyer's Report of Eligibility to Receive Delivery - (See Regulation 1049.02) (10/01/94)

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2549.03 Seller's Invoice to Buyers - Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing Services Provider shall promptly furnish each issuer the name(s) of the buyer(s) obligated to accept delivery from him, and shall promptly furnish to each such buyer a description of each commodity tendered by said issuer ~~him which was assigned by the Clearing Services Provider to each such buyer.~~ Thereupon, sellers (issuers of delivery notices) shall prepare invoices addressed to their assigned buyers, describing the documents to be delivered to each such buyer. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing Services Provider, and adjusted for applicable interest payments (Regulation 2536.01). Such invoices shall be delivered to the Clearing Services Provider by 2:00 p.m. Chicago time, or by such other time designated by the Exchange, on the business day immediately preceding delivery day, day of intention except as regards deliveries on the last business day of the contract delivery month. Invoices for delivery on the last business intention day of the contract delivery month, as defined in Regulation 2546.01, where such invoices shall be delivered to the Clearing Services Provider by 3:00 p.m., or by such other time designated by the Exchange, on the business day immediately preceding the last delivery day. Upon receipt of such invoices, the Clearing Services Provider shall promptly make them available to buyers to whom they are addressed. (01/01/04)

2549.04 Payment - Payment shall be made in federal funds. The long Clearing Member obligated to take delivery must take delivery and make payment before 1:00 p.m. on the day of delivery, or by such other time designated by the Exchange, except on banking holidays when delivery must be taken and payment made before 9:30 a.m., or by such other time designated by the Exchange, on the next banking business day. Adjustments for differences between contract prices and delivery prices established by the Clearing Services Provider shall be made with the Clearing Services Provider in accordance with its rules, policies and procedures. (01/01/04)

2549.05 Buyers Banking Notification - The long Clearing Member shall provide the short Clearing ~~Member with a Banking Notification~~ by 4:00 p.m. Chicago time (5:00 p.m. EST) ~~on the day of intention, or one business day prior to delivery day, with a Banking Notification.~~ The Banking Notification form will include the following information: the identification number and name of the long Clearing Member; the delivery date; the notification number of the delivery assignment; the identification number and name of the short Clearing Member making delivery; the quantity of the contract being delivered; the long Clearing

Member's bank, account number and specific Federal Wire instructions for the transfer of U.S. Treasury securities.~~(10/01/94)~~

2550.00 Duties of Members - (See Rule 1050.00)~~(10/01/94)~~

2550.01 Failure to Deliver - (See Regulation 1050.01)~~(01/01/04)~~

2551.01 Office Deliveries Prohibited - (See Regulation 1051.01)~~(10/01/94)~~

2554.00 Failure to Accept Delivery - (See Rule 1054.00)~~(10/01/94)~~

2554.01 Failure to Accept Delivery - (See Regulation 1054.01)

~~(01/01/04)~~

Ch25 Regularity of Banks

2580.01 Banks - For purposes of these regulations relating to trading in Medium Term U.S. Treasury Note futures, the word "Bank" (Regulation 2542.01) shall mean a U.S. commercial bank (either Federal or State charter) that is a member of the Federal Reserve System and that has ~~with capital~~ (capital, surplus, and undivided earnings) in excess of one hundred million dollars (\$100,000,000).~~(10/01/94)~~