

May 13, 2004

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

Reference File #2451.01
Rule Certification

Dear Ms. Webb:

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

- **Amendments to Rulebook Appendix 9B-3 per the attached text (additions bolded).**

The Exchange's "e-cbot Error Trade Policy" for electronic trading (Rulebook Appendix 9B-2; copy also enclosed) incorporates, by reference, a "no-bust" range, as specified in Appendix 9B-3, for each electronically traded product. The referenced amendments to Appendix 9B-3 will add a no-bust range for a new CBOT product, When Issued 2 Year U.S. Treasury Note futures.

The CBOT intends to implement these amendments one day after the Commission's receipt of this filing.

There were no opposing views concerning these amendments.

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

Sincerely,

Paul 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 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 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.

*Applicable as of trade date November 24, 2003 in connection with implementation of the LIFFE CONNECT® system for trading on e-cbot.

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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 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 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 error trade financially responsible for losses that occur as a result of the busted trade(s).

Trade certainty and the timely resolution of 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 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 error trade. The decisions of e-cbot Operations shall be final, and e-cbot Operations shall send a broadcast

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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 error trade be permitted to reverse the error by entering into a prearranged transaction.

If the trade called into question is determined not to be an error trade, the parties to the trade are permitted to mutually agree upon cash adjustment; any such 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.

7. 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 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.

8. Error Trade Fees

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.

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TICK BREAKDOWN PER CBOT PRODUCT

Product	Symbol	Minimum Tick Increment	"No Bust Range"*	Tick Increment of "No Bust Range"
U.S. T-Bond	ZB	1/32	20 ticks	20/32nds
U.S. T-Bond Options	OZB	1/64	20 ticks	20/64ths
mini-sized U.S. T-Bond	YH	1/32	20 ticks	20/32nds
10 Yr. T-Note	ZN	(1/2)/32	20 ticks	10/32nds
10 Yr. T-Note Options	OZN	1/64	20 ticks	20/64ths
mini-sized 10 Yr. T-Notes	YN	(1/2)/32	20 ticks	10/32nds
5 Yr. T-Note	ZF	(1/2)/32	20 ticks	10/32nds
5 Yr. T-Note Options	OZF	1/64	20 ticks	20/64ths
2 Yr. T-Note	ZT	(1/4)/32	20 ticks	5/32nds
2 Yr. T-Note Options	OZT	(1/2)/64	20 ticks	10/64ths
WI 2 Yr. T-Note	WI2	1/4 Basis Point	20 ticks	5 Points
Muni-Note Index	ZU	1/32	20 ticks	20/32nds
Muni-Note Index Options	OZU	1/64	20 ticks	20/64ths
30-Day Fed Funds	ZQ	1/2 Basis Point	20 ticks	10 Points
30-Day Fed Funds Options	OZQ	1/4 Basis Point	20 ticks	5 Points
10 Yr. Interest Rate Swaps	SR	1/32	20 ticks	20/32nds
10 Yr. Interest Rate Swaps Options	OSR	1/64	20 ticks	20/64ths
5 Yr. Interest Rate Swaps	SA	1/32	20 ticks	20/32nds
5 Yr. Interest Rate Swaps Options	OSA	1/64	20 ticks	20/64ths
Bund	GBL	.01 of 1 Point	20 ticks	.20 of 1 Point
Bobl	GBM	.01 of 1 Point	20 ticks	.20 of 1 Point
Schatz	GBS	.01 of 1 Point	20 ticks	.20 of 1 Point
Dow AIG Commodity Index	AI	0.1 Points	40 ticks	4 Points
DowTMI	TMI	.05 Point	80 ticks	4 Points
DJIA (\$10)	ZD	1 Point	150 Points	150 Points
DJIA Options	OZD	1/2 Point	40 ticks	20 Points
mini-sized Dow (\$5)	YM	1 Point	150 Points	150 Points
mini-sized Dow Options	OYM	1 Point	40 ticks	40 Points
mini-sized Eurodollar	YE	1/2 Basis Point	10 ticks	5 Points
mini-sized Gold	YG	10 cents	20 ticks	\$2.00
mini-sized Silver	YI	1/10 cent	40 ticks	4 cents
Corn	ZC	1/4 cent	40 ticks	10 cents
Corn Options	OZC	1/8 cent	20 ticks	2 1/2 cents
Wheat	ZW	1/4 cent	40 ticks	10 cents
Wheat Options	OZW	1/8 cent	20 ticks	2 1/2 cents
Oat	ZO	1/4 cent	40 ticks	10 cents
Oat Options	OZO	1/8 cent	20 ticks	2 1/2 cents

*Applicable as of trade date November 24, 2003 in connection with implementation of the LIFFE CONNECT® system for trading on e-cbot.

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Product	Symbol	Minimum Tick Increment	"No Bust Range"*	Tick Increment of "No Bust Range"
Rough Rice	ZR	½ cent	40 ticks	20 cents
Rough Rice Options	OZR	¼ cent	20 ticks	5 cents
Soybeans	ZS	¼ cent	80 ticks	20 cents
Soybean Options	OZS	1/8 cent	40 ticks	5 cents
Soybean Meal	ZM	10 cents	80 ticks	\$8.00
Soybean Meal Options	OZM	5 cents	40 ticks	\$2.00
Soybean Oil	ZL	1/100 cents	80 ticks	.80 cents
Soybean Oil Options	OZL	5/1000 cents	40 ticks	.20 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")