

April 20, 2006

## **NOTICE**

### **FINAL SETTLEMENTS FOR JUNE 2006 TREASURY FUTURES BASED EXCLUSIVELY ON e-cbot ACTIVITY**

**(Pilot Program Extended to Include June 2006 Expirations)**

Consistent with the procedures implemented for the last two quarterly expirations, the final settlement prices for June 2006 U.S. Treasury Bond and Note futures on last trading day will be based exclusively on e-cbot® market activity.

#### **Calculation of Final Settlement Price at Expiration**

The following calculation, based upon both outright trade in the expiring contract on e-cbot and trade in the companion reduced-tic spread on e-cbot, will be performed to determine the volume-weighted average price of the expiring contract during the period between 12:00:00 noon and 12:01:00 p.m. (Chicago time) on the expiring contract's last day of trading:

$$(w_x/w)*p_x + (w_s/w)*p_s \text{ where}$$

$p_x$  = volume-weighted average trade price in the expiring contract

$p_s$  = volume-weighted average price of the expiring contract implied by the trade price of the reduced-tic spread and the trade price of the deferred contract nearest to the time of the trade in the reduced-tic spread (but not later than 12:01).

$w_x$  = cumulative traded volume in the expiring contract

$w_s$  = cumulative traded volume in the reduced-tic spread

$$w = w_x + w_s$$

The final settlement price, absent anomalous circumstances, will be the volume-weighted average price, rounded to the nearest tradeable tic.

Market participants should be aware that the final settlement price may penetrate unfilled bids or offers and, under certain circumstances, may settle outside of the closing range for outright trades in the expiring contract.

For a more detailed discussion regarding these procedures, including exceptions, please refer to the Notice at the following link:

<http://www.cbot.com/cbot/docs/65482.pdf>

### **Modified Closing Call**

Following the expiration, there will be a Modified Closing Call (MCC), exclusive to the open auction market, that will begin at 12:09 p.m. If extenuating circumstances arise, the Pit Committee may delay the beginning of the MCC until 12 minutes after the completion of the close (12:13 p.m.). The MCC range will be based upon the closing range established on e-cbot.

### **Responsibility of Market Participants During the Expiration**

All market participants are reminded of their responsibility to ensure that their activity during the expiration period is orderly. Additionally, all bids and offers entered on e-cbot must be entered in good faith for the purpose of executing bona fide transactions. Any market participant who engages in disorderly activity, or activity that is intended to disrupt or manipulate the settlement process, will be subject to disciplinary action by the Exchange.

Questions regarding this notice may be directed to the following individuals in the Office of Investigations and Audits:

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