

April 18, 2007

## **NOTICE**

### **REVISED DAILY SETTLEMENT PROCEDURES** **FOR 30-DAY FED FUND FUTURES** *effective Monday, April 23, 2007*

Effective **Monday, April 23, 2007**, the daily settlement procedures for 30-Day Fed Fund futures contract months with less than 10,000 contracts of open interest will be revised such that the settlement will not penetrate an e-cbot® bid or offer of **25 contracts** or more at 2:00 p.m. This quantity threshold was previously 100 contracts.

The complete 30-Day Fed Fund settlement procedures follow:

#### **First Four Listed Contract Months and All Other Contract Months With Open Interest of At Least 10,000 Contracts Entering the Session**

CBOT Market Operations will establish daily settlements within the e-cbot bid/offer range at 2:00:00 p.m., in accordance with the following procedures:

- a) Identify the quantity traded on e-cbot from 1:59:00 p.m. to 2:00:00 p.m. and the volume-weighted average price of such transactions.
- b) If the quantity traded during the one minute period is at least 1% of the open interest in that contract month, the settlement price will be the price within the bid/offer range at 2:00 p.m. that is closest to the volume-weighted average price. If the volume-weighted average price is the midpoint between two tics within the bid/offer range at 2:00 p.m., the contract will settle to the tic that is closer to the previous day's settlement price.
- c) If there are no transactions during the last 60 seconds, or if the quantity traded is less than 1% of the open interest in that contract month, then the contract will settle at the midpoint of the bid/offer at 2:00 p.m. If the midpoint is equidistant between two tics, the contract will settle to the tic that is closer to the previous day's settlement price.

#### **All Other Contract Months**

- a) Market Operations will establish the daily settlements for all other months consistent with the net change of the immediately preceding expiration month, provided that such settlement does not penetrate an e-cbot bid or offer of **25** or more contracts at 2:00 p.m.

In the event that anomalous activity (including bids and offers entered without allowing market participants sufficient time prior to 2:00:00 p.m. to respond) affects the settlement determinations, Market Operations, in its sole discretion, may establish a settlement price independent of the criteria referenced above.

The preliminary settlement prices determined in accordance with the foregoing procedures will be communicated by Market Operations to the Market Report staff, who shall in turn communicate the settlement prices to the Pit Committee Chairman or designated Pit Committee representative. The Pit Committee representative may provide input regarding the preliminary settlements, and such input shall be communicated to and considered by Market Operations in the context of other available information prior to publishing the final settlements. However, Market Operations will be responsible for determining the final settlement prices.

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

Jennifer Baum, Managing Director	(312) 341-3124	<a href="mailto:jbaum@cbot.com">jbaum@cbot.com</a>
Dean Payton, Vice President	(312) 435-3658	<a href="mailto:dpayton@cbot.com">dpayton@cbot.com</a>

Paul J. Draths  
Vice President and Secretary