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NC2
APPROVAL
REQUESTED

June 25, 2003

Ms. Jean A. Webb
Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, NW.
Washington, DC 20581

Reference File #2337.01
Request for Commission Rule Approval

Dear Ms. Webb:

- 40.5 (i) The following Request for Commission Rule Approval is submitted by the Chicago Board of Trade (CBOT[®]) pursuant to Section 5c(c) of the Commodity Exchange Act and Commission Regulation 40.5.
- 40.5 (ii) Amendments to Rule 252.00 per the attached text (additions underlined; deletions bracketed).
- 40.5 (iii) These amendments were approved in a June 24, 2003 membership vote (546 3/6 "For" to 9 "Against") pursuant to the CBOT Charter, Exhibit A, Section 5. The CBOT intends to implement these amendments concurrently with the implementation of the CBOT/Chicago Mercantile Exchange (CME) Clearing Link.
- 40.5 (iv) The amendments relate to the Clearing Link between the CBOT and the CME, under which the CME will provide clearing and related services to the CBOT for all CBOT products. Specifically, under revised Rule 252.00 the priority of claims against some CBOT membership sale proceeds would be modified in accordance with the Clearing Link Agreement. At present, the CBOT itself has first claims priority and the "Clearing House" has second claims priority with respect to all membership sales. Under the revised rule, these claims priorities would be reversed (i.e., Clearing Services Provider first, CBOT second) only with respect to memberships that had qualified a clearing member for clearing status.
- 40.5 (v) As noted above, this proposal was the subject of a membership vote in which some negative votes were cast. Substantive opposing views were not otherwise expressed.

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40.5 (vi) The CBOT has not identified any Commission regulations or sections of the Act which require interpretation or amendment in connection with this proposal.

Sincerely,

Paul J. Draths
Vice President and Secretary

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Additions are underlined; deletions are bracketed.

252.00 Proceeds of Membership –

- (a) ORDER OF DISTRIBUTION. Upon any transfer of membership, whether made by a member voluntarily or by the Board, the proceeds shall be applied to the following purposes and in the following order of priority:
- (1) FIRST, the payment of all debts owed to the Clearing Services Provider, if the membership transferred was registered for a Clearing Member in order to qualify the Clearing Member for clearing status pursuant to Rule 703.00 [dues, assessments, service fees, fines, contributions, and charges payable to the Association] by the member whose membership is transferred[, and all other indebtedness of such member to the Association]. With respect to any other membership, the Exchange shall have the first priority for the debts described in paragraph (2) below, and the Clearing Services Provider shall have the second priority.
 - (2) SECOND, the payment of all debts owed to the Exchange by such member, including, but not limited to, dues, assessments, service fees, and fines [and charges payable by such member to the Clearing House, and all other indebtedness of such member to the Clearing House].

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