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Craig S. Donohue
Chief Executive Officer

2005 SEP 13 PM 2:50

20 South Wacker Drive
Chicago, IL 60606-7499
www.cme.com

312/930.8275 tel
312/930.3209 fax

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September 12, 2005

VIA ELECTRONIC DELIVERY

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

COMMENT

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OFC. OF THE SECRETARY
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Re: **Proposed Clarifying and Technical Amendments; 70 Fed. Reg. 131 (July 11, 2005)**

Dear Ms. Webb:

The Chicago Mercantile Exchange Inc. ("CME") welcomes the opportunity to comment upon the Commodity Futures Trading Commission's (the "Commission") proposed clarifying and technical amendments to rules relating to Designated Clearing Organizations ("DCOs") and Designated Contract Markets ("DCMs"). CME is currently the largest futures exchange in the United States. As an international marketplace, CME brings together buyers and sellers on its CME GLOBEX[®] electronic trading platform and trading floors. CME offers futures and options on futures primarily in four product areas: interest rates, stock indexes, foreign exchange and commodities.

In the release, the Commission proposes to eliminate the presumption of an automatic fast-track review of DCO applications and replace it with a presumption that all applications will be reviewed pursuant to the statutory 180-day timeframe. Applicants would be permitted to ask the Commission to expedite review of the application and render a decision within 90 days (rather than the previous 60-day fast-track review period), but Commission staff would have the authority to terminate the expedited review period if the application's form and substance does not meet the requirements of Part 39, the application is "materially incomplete," undergoes "major amendment or supplementation," or "raises novel or complex issues." The Commission further proposes to require applicants to submit more detailed information as part of the application, including a requirement that applicants submit for review an executed or executable copy of any agreements or contracts entered into or to be entered into by the applicant that enable the applicant to comply with the core principles, as well as to require applicants to demonstrate that they are able to satisfy each of the core principles in Section 5b of the Commodity Exchange Act (the "Act").

CME supports the Commission's proposed revisions and commends the Commission for taking such steps. We believe that the proposed revisions will positively impact the futures markets by ensuring that the Commission and interested parties not only have access to all

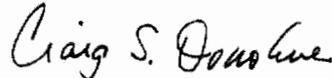
Ms. Jean A. Webb
September 12, 2005
Page 2

relevant information, but an ample opportunity to consider the implications of complex or novel issues. As the Commission acknowledges, "these potentially longer review periods are necessary to ensure a comprehensive review of applications and to meet other public policy objectives." At the same time, the proposed rules will provide clarity to the DCO registration process, while ensuring that the review process is governed by prudence—not alacrity.

With respect to DCMs, CME supports the Commission's proposal to add Section 40.4(b)(8) to the Act, which would provide that fees or fee changes that are \$1.00 or more per contract and are established by an independent third party or are unrelated to delivery, trading, clearing or dispute resolution are not subject to a materiality determination by the Commission. By removing the requirement of such a determination, exchange rule revisions relating to items such as changes in the grading fees of the USDA will be allowed to take effect in a timely and cost-effective manner. CME has long advocated the timely pass-through of such third-party costs. (See CME Comment Letter in response to 67 Fed. Reg. 20702).

Thank you for the opportunity to comment on the proposed rule amendments. If you have any questions or comments, please do not hesitate to contact me or Matthew F. Kluchenek, Director and Associate General Counsel, at (312) 338-2861.

Sincerely,



Craig S. Donohue