



## U.S. COMMODITY FUTURES TRADING COMMISSION

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Division of  
Market Oversight

### Reinstatement Memorandum

May 18, 2006

**To:** The Commission

**From:** The Division of Market Oversight

**Subject:** Reinstatement of PBOT's Contract Market Designation pursuant to Sections 5 and 6(a) of the Commodity Exchange Act and Part 38 of Commission regulations

**Recommendation:** Staff recommends that the Commission reinstate PBOT's designation

**Concurring:** Division of Clearing and Intermediary Oversight  
The Office of the General Counsel  
The Division of Enforcement

**Responsible Staff:** Jane Croessmann

#### I. Overview

By submissions dated March 3, 2006 through May 16, 2006, the Philadelphia Board of Trade, Inc. ("PBOT" or "Exchange"), applied for reinstatement of its contract market designation pursuant to Section 5(b) of the Commodity Exchange Act ("Act") and Part 38 of the Commodity Futures Trading Commission's ("Commission") regulations.<sup>1</sup>

#### A. Background

The PBOT was formed in 1984 under Pennsylvania law as a wholly-owned, for-profit

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<sup>1</sup> PBOT requested that its application be reviewed on an expedited basis under Part 38.3(a)(2) of the Commission's regulations, whereby an applicant is designated as a contract market not later than 90 days after the date of receipt of the application for designation by the Secretary of the Commission, rather than the statutory 180-day review process provided for in section 6(a) of the Act.

corporate subsidiary of the Philadelphia Stock Exchange, Inc. (“Phlx”).<sup>2</sup> The Commission approved PBOT as a contract market in May 1985. PBOT has operated as a floor-based open outcry exchange, listing a variety of futures contracts, including currency futures contracts designed to complement Phlx’s currency options markets. The Exchange contracts were traded actively until 1999, when volume dropped significantly. On November 30, 2005, PBOT was deemed to be a dormant contract market as no trading had occurred on the Exchange since May 18, 2005.<sup>3</sup>

Prior to listing or relisting products for trading, a dormant contract market must reinstate its designation. Pursuant to Commission Regulation 38.3(c), to be reinstated a dormant contract market must submit an application for reinstatement under the same procedures as entities seeking initial contract market designation. The application may, however, rely on previously submitted materials so long as they “*still pertain to,*” and “*accurately describe*” contract market conditions. Notably, PBOT will be the first dormant contract market to have its designation reinstated under these procedures since implementation of the Commodity Futures Modernization Act of 2000 (“CFMA”).<sup>4</sup>

Current Commission policy is to post portions of new applications for contract market designation on the Commission website and seek public comment.<sup>5</sup> Those portions of the PBOT

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<sup>2</sup> Phlx began operating in 1790 and is the oldest securities exchange in the U.S. On January 20, 2004, Phlx changed its structure from a member-owned exchange to a Delaware stock corporation pursuant to a plan of demutualization. Phlx is registered as a national securities exchange under the Securities Exchange Act of 1934 and is subject to regulation by the Securities and Exchange Commission. Currently Phlx provides a marketplace for over 2,000 stocks and options on over 1,900 stocks, various sector indices and six major currencies. Phlx began listing currency options in 1982.

<sup>3</sup> At the time PBOT was deemed to be dormant, the definition of “dormant contract market” that was in effect under Commission Regulation 40.1, defined a dormant contract market as any designated contract market on which no trading has occurred for a period of six complete calendar months (the definition also included a proviso that no contract market would be considered to be dormant until the end of 36 complete calendar months following the day that the order of designation was issued or that the contract market was deemed to be designated). The dormant contract market definition was amended, effective February 13, 2006, to extend from six to twelve calendar months, the length of time during which no trading has occurred before a contract market would be dormant. *See* 71 FR 1953. Since PBOT met the definition of dormancy on November 30, 2005, PBOT narrowly missed the application of the newly extended twelve month grace period.

<sup>4</sup> Prior to enactment of the CFMA, the term “designated contract market” denoted Commission-approved products traded on a board of trade. Accordingly, prior to the CFMA, a board of trade’s initial application for designation as a contract market in a commodity triggered review of both the general requirements for designation as a contract market as well as those requirements that were product-specific. If a board of trade determined to relist a contract for trading after all of its contracts had become dormant, the Commission would have reviewed both the terms and conditions of the product to be relisted as well as whether the board of trade continued to meet the general designation requirements. In contrast, the CFMA redefined the meaning of “designated contract market” to refer to the approved or licensed facility on which futures contracts and commodity options are traded. In 2002 the Commission amended parts 37, 38, 39 and 40 to clarify that when a registered entity that has become dormant determines to list or relist an initial product for trading (or in the case of a derivatives clearing organization, to accept a product for clearing), it must demonstrate that it continues to satisfy the criteria for designation or registration and core principles.

application were posted on the Commission website on March 16, 2006. No comments were received regarding the PBOT application.

## **B. Current Plans**

PBOT has advised Commission staff that PBOT is preparing to launch an electronic trading platform later in 2006, which will replace open outcry floor trading.<sup>6</sup> Nevertheless, the senior management of PBOT and Phlx has determined to reopen and reinvigorate PBOT in its current structure as soon as the Commission reinstates its designation.

## **II. Staff Review of Application**

An interdivisional Commission team was assembled to review the PBOT application for reinstatement of its contract market designation.<sup>7</sup> At PBOT's request, Commission staff has reviewed this application based on the existing open outcry, floor trading environment, notwithstanding PBOT's stated intention to commence electronic trading in the future. Prior to PBOT's transition to electronic trading, it would be required to submit appropriate rule changes with the Commission pursuant to Regulation 40.5 or 40.6.<sup>8</sup> At that time, staff will review the electronic trading platform and related Exchange rules and procedures.

Staff notes that PBOT has contracted with the Options Clearing Corporation ("OCC"), a registered derivatives clearing organization, to carry out clearing and settlement services for the Exchange and the National Futures Association ("NFA"), a registered futures association, to carry out arbitration services. Various other self regulatory responsibilities with respect to, among other things, trade practice, market and financial surveillance and investigative and disciplinary functions will be performed by the options surveillance staff of Phlx as it has done for over the 20 years that PBOT was previously designated.

As set forth in greater detail in Section III of this memorandum, the PBOT application demonstrates compliance with the Act's Section 5(b) Designation Criteria, Section 5(d) Core Principles, and Section 5c(b) Common Provisions regarding designation of contract markets and Part 38 of the Commission's regulations. Accordingly, staff recommends that the Commission reinstate PBOT's contract market designation and issue the attached Order.

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<sup>5</sup> See 69 FR 44981 (stating that the Commission's current policy was to post portions of new applications on the website and specifying which portions of new applications the Commission determined to post i.e., those portions of the application determined not to cause competitive harm to the applicant nor regulatory concerns).

<sup>6</sup> PBOT's floor trading model has remained largely unchanged since the Commission staff's last rule enforcement review of PBOT in 1994.

<sup>7</sup> PBOT review team members include: Susan Berkowitz, Deputy Chief Counsel-Enforcement; Philip Colling, Industry Economist-Division of Market Oversight ("DMO"); Jane Croessmann, Special Counsel-DMO; Phyllis Dietz, Special Counsel-Division of Clearing and Intermediary Oversight; Ann Durham, Auditor-DMO; Geoffrey Price, Financial Economist-DMO; David Taylor, Special Counsel-DMO; George Wilder, Counsel-Office of the General Counsel.

<sup>8</sup> Commission regulation 40.1 defines "rule" broadly to include, among other things, bylaws, interpretations, stated policy, trading protocols and agreements.



### III. Analysis of PBOT’s Submission for Compliance with the Act’s Contract Market Designation Criteria and Core Principles

CONTRACT MARKET CRITERIA FOR DESIGNATION	PBOT PROPOSAL	STAFF ANALYSIS
<p><b>Sec. 5(a) Applications</b> – “A board of trade applying to the Commission for designation as a contract market shall submit an application to the Commission that includes any relevant materials and records the Commission may require consistent with this Act.”</p>	<p>PBOT’s submissions dated March 2, 2006 through May 16, 2006, including:</p> <ul style="list-style-type: none"> <li>• PBOT Transmittal Letter</li> <li>• Rulebook (including policies and filings)</li> <li>• Description of Trading System</li> <li>• PBOT Certificate of Incorporation &amp; By-laws, (including description of the governance and legal status of PBOT)</li> <li>• PBOT-NFA Arbitration Agreement</li> <li>• PBOT-OCC Clearing Agreement</li> <li>• Market Surveillance Procedures Manual (including supplemental filings)</li> <li>• Regulatory Compliance Chart</li> <li>• Supplemental Submissions</li> <li>• Representations</li> </ul>	<p>Acceptable.</p>
<p><b>Sec. 5(b) CRITERIA FOR DESIGNATION</b></p>		
<p><b>Designation Criterion 1 In General</b> – “To be designated as a contract market, the board of trade shall demonstrate to the Commission that the board of trade meets the criteria specified in this subsection.”</p>	<p>As part of its review of the PBOT reinstatement application, Commission staff attended a presentation by the PBOT/Phlx Regulatory Group on site at the Exchange on April 26, 2006. The site visit included: demonstrations on how trade practice and market surveillance will be conducted on the PBOT market; open outcry trading on the Phlx trading floor; and a tour of the PBOT trading system’s architectural components and backup systems.</p>	<p>Acceptable.</p> <p><i>See Staff analysis below.</i></p>
<p><b>Designation Criterion 2 Prevention of Market Manipulation</b> – “The board of trade shall have the capacity to prevent market manipulation through market surveillance,</p>	<p>PBOT Rulebook (Appendix A of PBOT Application)            Rule 60 -- Emergency Actions            Rule 364 -- Manipulation/Cornering Prohibited</p>	<p>Acceptable.</p> <p>PBOT Rule 364 makes it a violation for any member or member organization to manipulate or attempt to manipulate the price</p>

<b>CONTRACT MARKET CRITERIA FOR DESIGNATION</b>	<b>PBOT PROPOSAL</b>	<b>STAFF ANALYSIS</b>
<p>compliance, and enforcement practices and procedures, including methods for conducting real-time monitoring of trading and comprehensive and accurate trade reconstructions.”</p>	<p>Rules 401-412 -- Disciplinary Rules  Rules 450-460 -- Member and Member Organization Responsibility Actions</p> <p>PBOT Trading System Description (Appendix B)</p> <p>PBOT Market Surveillance Procedures Manual (Appendix E)</p> <p>Phlx/PBOT Regulatory Group Diagram (Supplemental Submission)</p>	<p>of, or to corner, any commodity traded on the Exchange.</p> <p>PBOT Rule 60 authorizes the Exchange to take actions in emergency situations.</p> <p>The application includes a PBOT “Market Surveillance Procedures Manual” dated March 2, 2006, which outlines an effective surveillance program.</p> <p>Real-time monitoring of trading is done via the Trade Data Access System (“TDAS”). Trading is on a board-broker system. Members are required to record the terms of each trade, which Data Entry Trade (“DET”) operators enter under the supervision of surveillance staff. For regulatory purposes, surveillance staff query automated exception reports or conduct manual reviews of trading activity. The Market Surveillance Procedures Manual provides guidance with respect to end-of-day surveillance examinations of specific violations including trading ahead, crossing, and pre-arranged trades.</p> <p>PBOT is a subsidiary of Phlx. The Phlx Options Surveillance Department administers PBOT’s market surveillance. The Vice President of the Options Surveillance Department has primary responsibility for preventing market manipulation. [Redacted]  The Options Surveillance Department reports to the Executive Vice President and Chief Regulatory Officer of Phlx.</p>
<p><b>Designation Criterion 3 <i>Fair and Equitable Trading</i></b> – “The</p>	<p>PBOT Rulebook (Appendix A)</p>	<p>Acceptable.</p>

<b>CONTRACT MARKET CRITERIA FOR DESIGNATION</b>	<b>PBOT PROPOSAL</b>	<b>STAFF ANALYSIS</b>
<p>board of trade shall establish and enforce trading rules to ensure fair and equitable trading through the facilities of the contract market, and [sic] the capacity to detect, investigate, and discipline any person that violates the rules. The rules may authorize – (A) transfer trades or office trades; (B) an exchange of futures – (i) futures in connection with a cash commodity transaction; (ii) futures for cash commodities; or (iii) futures for swaps; or (C) a futures commission merchant, acting as principle or agent, to enter into or confirm the execution of a contract for the purchase or sale of a commodity for future delivery if the contract is reported, recorded or cleared in accordance with the rules of the contract market or a derivatives clearing organization”</p>	<p>Rules 301-400 -- General Trading Rules 401-412 -- Disciplinary Rules</p> <p>PBOT Market Surveillance Manual (Appendix E)</p> <p>PBOT Regulatory Compliance Chart (Appendix F).</p> <p>Regulatory Group Departments Description (Supplemental Submission)</p>	<p>PBOT has rules to ensure fair and equitable trading. Among other things, PBOT prohibits pre-arranged trading (PBOT Rule 318), trading ahead of customer orders (PBOT Rule 320) and wash-trading (PBOT Rule 367). PBOT Rule 327 governs cross-trading and trading against customer orders, both of which require exposure to the pit community prior to execution.</p> <p>PBOT Rule 254 governs transfer of accounts from one member or member organization to another, provided that the transfer does not result in a change of ownership, in which case the transfer shall not be effected.</p> <p>PBOT Rule 361 governs exchange of futures for physical (“EFP”) transactions and currently do not permit EFPs involving cash-settled futures contracts. PBOT rules also do not currently provide for block trading or bunched orders.</p> <p>As a general rule, PBOT does not permit dual trading; however, an exception exists in low liquidity markets (PBOT Rule 334A).</p> <p>PBOT has the capacity to perform trade practice and market surveillance and investigative and enforcement functions through the combined Phlx/PBOT surveillance, investigation, and enforcement departments. These departments maintain procedures to detect, investigate and enforce against abuses such as trading ahead, wash trading, money passing, accommodation trades, and other types of market manipulation or fraud.</p>
<b>Designation Criterion 4 Trade</b>	PBOT Trading System Description	Acceptable.

<b>CONTRACT MARKET CRITERIA FOR DESIGNATION</b>	<b>PBOT PROPOSAL</b>	<b>STAFF ANALYSIS</b>
<p><i>Execution Facility</i> – “The board of trade shall (A) establish and enforce rules defining, or specifications detailing, the manner of operation of the trade execution facility maintained by the board of trade, including rules or specifications describing the operation of any electronic matching platform; and (B) demonstrate that the trade execution facility operates in accordance with the rules or specifications.”</p>	<p>(Appendix B)</p>	<p>PBOT submitted its application to reinstate its floor-based open outcry market model. As all prior DCM applications have been for electronic trading systems, previous Designation Criterion 4 analysis has encompassed an applicant’s electronic trading system and attendant rules. PBOT, however, submitted its reinstatement application for a floor-based trading system, therefore, staff has reviewed the floor-based open outcry rules and procedures submitted and finds that the trading facility operates in accordance with those rules.</p> <p>PBOT has represented that it intends to transition to an electronic trading platform later this year, replacing open outcry floor trading. Staff will review the manner of operation of the electronic matching platform and attendant rulebook at the time it is submitted.</p>
<p><b>Designation Criterion 5</b> <i>Financial Integrity of Transactions</i> – “The board of trade shall establish and enforce rules and procedures for ensuring the financial integrity of transactions entered into by or through the facilities of the contract market, including the clearance and settlement of the transactions with a derivatives clearing organization.”</p>	<p>PBOT Rulebook (Appendix A) Rule 202 -- Financial Requirements Rule 203 -- Audit and Financial Filings Rule 262 -- Segregation and Secured Requirements Rule 363 – Clearing Corporation Rules Rules 401-460 – Disciplinary Rules Rule 1210 -- Margin Requirements for Foreign Currency Futures Contracts</p> <p>PBOT By-laws (Appendix C) Article V, Sec. 7 – Margin Committee</p> <p>PBOT-OCC Clearing Agreement (Appendix D)</p> <p>OCC Rules (Supplemental Source) Chapter III – Financial Requirements Chapter VI – Margins Chapter XI -- Suspension of a Clearing Member</p>	<p>Acceptable.</p> <p>Financial integrity is addressed through PBOT member financial requirements, financial surveillance practices, performance bond (margin) requirements, and customer funds segregation requirements. In addition, PBOT has contracted with the Options Clearing Corporation (“OCC”) for clearing and settlement services. The OCC is a registered derivatives clearing organization (“DCO”) subject to DCO core principles.</p> <p>PBOT Rule 202 establishes minimum financial requirements for members and member organizations, including financial reporting and net capital requirements. Additionally,</p>

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	<p>Chapter XIII – Futures and Futures Options</p> <p>Phlx/PBOT Regulatory Group Diagram (Supplemental Submission)</p> <p>Regulatory Group Departments Description (Supplemental Submission)</p> <p>Phlx/PBOT Examinations Department Daily Surveillance &amp; Routine Examination Procedures (Supplemental Submission)</p>	<p>members and member organizations are subject to Commission and NFA capital requirements, and clearing members of OCC are subject to OCC capital requirements (OCC Rule 301).</p> <p>Rule 203 governs reporting requirements for FCMs, IBs and other market participants. Members and member organizations are required to provide PBOT with copies of financial reports filed with the Commission under Commission Regulation 1.10 or, if a member is not required to file such reports, to provide PBOT with an annual financial audit report. Members and member organizations must also provide PBOT with other financial information upon request.</p> <p>The Phlx/PBOT Examinations Department is responsible for reviewing these financial filings. In addition, the Examinations Department conducts “for cause” examinations of member organizations and presents disciplinary action recommendations to the Business Conduct Committee.</p> <p>PBOT is a member of the Joint Audit Committee (“JAC”) but is not a designated self-regulatory organization (“DSRO”) for any FCMs. Thus, FCM compliance audits would be conducted by each FCM’s respective DSRO.</p> <p>PBOT Rule 450 provides for summary suspension of a member who reports an “emergency event,” which is defined to include insolvency, failure to meet applicable financial requirements, or failure to meet a margin call</p>

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		<p>issued by a clearing organization. The rule requires the prompt reporting of such an emergency event. OCC Rule 303 similarly requires the immediate filing of an “early warning notice” by clearing members. OCC Rules Chapter XI establishes clearing member default procedures.</p> <p>Under PBOT Rule 452, the BCC also may suspend a member if it determines that there is a “substantial question” as to whether the member’s financial condition is adequate.</p> <p>PBOT Rule 1210 sets forth margin requirements for foreign currency futures contracts. OCC Rule 602 governs margin for non-equity futures; OCC Rule 1301 establishes requirements for variation payment.</p> <p>PBOT Rule 1210(b) establishes procedures for customer accounts relating to the deposit of initial and maintenance margin, margin calls, and the liquidation of positions when a margin call is not met within a reasonable time. PBOT Rule 1210(d) sets forth acceptable forms of collateral that may be deposited by customers.</p> <p>Minimum margin requirements for foreign currency contracts will be calculated by OCC using the TIMS methodology. The PBOT Margin Committee is responsible for setting and altering levels of margin under By-laws Article V, Section 7.</p> <p>PBOT Rule 262 requires compliance with Commission account and segregation regulations; OCC Rule 604(d) similarly requires segregation of funds held on behalf of customers.</p>

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<p><b>Designation Criterion 6</b> <i>Disciplinary Procedures</i> – “The board of trade shall establish and enforce disciplinary procedures that authorize the board of trade to discipline, suspend, or expel members or market participants that violate the rules of the board of trade, or similar methods for performing the same functions, including delegation of the functions to third parties.”</p>	<p>PBOT Rulebook (Appendix A) Rules 301-400 -- General Trading Rules) Rules 401-412 -- Disciplinary Rules Rules 450-500 -- Member and Member Organizations Responsibility Actions</p> <p>PBOT Regulatory Compliance Chart (Appendix F)</p>	<p>Acceptable.</p> <p>The Exchange has established its own disciplinary program. The 400 series of the PBOT rules describes the Exchange’s disciplinary powers, types of investigations, and procedures for both minor and major offenses.</p> <p>The process includes investigation by the Market Surveillance Department, Examinations Department or Enforcement Department. A report of investigation is presented to the Business Conduct Committee, which decides whether to close the investigation or direct the Enforcement Department to initiate charges. PBOT Rule 403 sets forth the requirements of the charges. PBOT Rule 405 allows for a hearing and sets out the requirements for the hearing panel and the hearing procedures. Also included in the rules are provisions for settlement (PBOT Rule 407), the decision (PBOT Rule 408), review (PBOT Rule 409), judgment and sanctions (PBOT Rule 410).</p> <p>PBOT Rule 406 describes the summary disciplinary proceedings.</p> <p>The disciplinary procedures afford the subjects of any inquiry, investigation or disciplinary proceeding the right to notice, the right to respond, the right to counsel, the right to challenge the make up of hearing panels (in certain circumstances and for specified reasons), and the right to appeal, among other rights.</p> <p>If a hearing is held, the Exchange’s prosecutorial function is handled by the Enforcement Department.</p>

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		PBOT disciplinary procedures are consistent with Commission regulations and interpretive guidance regarding core principles. PBOT disciplinary procedures are consistent with Commission regulations and interpretive guidance regarding core principles.
<b>Designation Criterion 7 Public Access</b> – “The board of trade shall provide the public with access to the rules, regulations, and contract specifications of the board of trade.”	PBOT Regulatory Compliance Chart (Appendix F)	Acceptable.  PBOT has represented that it will post its rules on its website and through the CCH service.
<b>Designation Criterion 8 Ability to Obtain Information</b> – “The board of trade shall establish and enforce rules that will allow the board of trade to obtain any necessary information to perform any of the functions described in this subsection, including the capacity to carry out such international information-sharing agreements as the Commission may require.”	PBOT Regulatory Compliance Chart (Appendix F)  Rule 212 – Information Requests	Acceptable.  PBOT Rule 212 requires PBOT members to provide information to the Exchange upon request.  PBOT is a member of the JAC and consequently, has access to financial information. PBOT’s parent, Phlx, is a member of the Intermarket Surveillance Group and consequently provides an information sharing framework for PBOT. Due to PBOT’s relationship with Phlx, the two exchanges coordinate and cooperate with respect to market surveillance of foreign currency options trading on Phlx and foreign currency futures trading on PBOT.

CONTRACT MARKET CORE PRINCIPLES	PBOT PROPOSAL	STAFF ANALYSIS
<b>Sec. 5c(b) Common Provisions Applicable to Registered Entities</b> <b>(1) In General</b> – “A contract market or derivatives transaction	PBOT-NFA Arbitration Agreement (Appendix D) PBOT-OCC Clearing Agreement (Appendix D)	Acceptable  PBOT will conduct real-time and post-market trade practice and market surveillance. PBOT will

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<p>execution facility may comply with any applicable core principle through delegation of any relevant function to a registered futures association or another registered entity.”</p> <p><b>(2) Responsibility</b> – “A contract market or derivatives transaction execution facility that delegates a function under paragraph (1) shall remain responsible for carrying out the function.”</p>		<p>also conduct its own financial surveillance and provide for its own investigative and disciplinary proceedings. Dispute resolution services will be contracted out to NFA. PBOT has contracted with OCC to provide clearing services.</p>
<p><b>SEC. 5c(c) NEW CONTRACTS, NEW RULES, AND RULE AMENDMENTS – (1) In General</b> – Subject to paragraph (2), a registered entity may elect to list for trading or accept for clearing any new contract or other instrument, or may elect to approve and implement any new rule or rule amendment, by providing to the Commission (and the Secretary of the Treasury, in case of a contract for sale of a government security for future delivery (or an option on such a contract) or a rule or rule amendment specifically related to such a contract) a written certification that the new contract or instrument or clearing of the new contract or instrument, new rule, or rule amendment complies with this Act (including regulations under this Act).</p> <p><b>(2) Prior Approval – (A) In General</b> – A registered entity may request that the Commission grant prior approval to any new contract or other instrument, new rule, or rule amendment.</p>	<p>PBOT Rulebook (Appendix A)</p> <p>PBOT Market Surveillance Procedures (Appendix E)</p> <p>Supplemental Submissions:</p> <ul style="list-style-type: none"> <li>• General Surveillance Department Procedures</li> <li>• Front Running Surveillance Procedure</li> <li>• Market Manipulation Review, Wash Trading Surveillance Procedures</li> <li>• Trade Ticket Surveillance Review Procedures</li> <li>• Trading Ahead Procedures</li> <li>• Marking the Close Surveillance Procedure</li> <li>• Agent/Principal Surveillance Procedure</li> </ul>	<p>Acceptable.</p> <p>Reinstatement of PBOT’s contract market designation will concurrently reinstate PBOT’s previously approved or certified rules. Subsequent to reinstatement, PBOT must submit any new or amended rules pursuant to 5c(c) of the Act and Part 40 of Commission regulations.</p>
<p><b>Core Principle 1 In General</b> – “To maintain the designation of a board of trade as a contract market, the board of trade shall comply with the core principles</p>	<p>PBOT Transmittal Letter</p>	<p>Acceptable.</p> <p>PBOT has represented that upon reinstatement of its designation, it intends to operate its open outcry</p>

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<p>specified in this subsection. The board of trade shall have reasonable discretion in establishing the manner in which it complies with the core principles.”</p>		<p>market as it has done in good standing for over 20 years since initial designation.</p>
<p><b>Core Principle 2</b> <i>Compliance with Rules</i> – “The board of trade shall monitor and enforce compliance with the rules of the contract market, including the terms and conditions of any contracts to be traded and any limitations on access to the contract market.”</p>	<p>PBOT Rulebook (Appendix. A)  Rules 401-412 – Disciplinary Rules  Rules 450-500 – Member and Member Organizations Responsibility Actions</p> <p>PBOT Market Surveillance Procedures Manual (Appendix E)</p> <p>Supplemental Submissions:</p> <ul style="list-style-type: none"> <li>• General Surveillance Department Procedures</li> <li>• Front Running Surveillance Procedure</li> <li>• Market Manipulation Review, Wash Trading Surveillance Procedures</li> <li>• Trade Ticket Surveillance Review Procedures</li> <li>• Trading Ahead Procedures</li> <li>• Marking the Close Surveillance Procedure</li> <li>• Agent/Principal Surveillance Procedure</li> </ul> <p>PBOT Regulatory Compliance Chart (Appendix F)</p>	<p>Acceptable.</p> <p>PBOT has established procedures to detect violations and various trading abuses, including the ability to monitor for price manipulations and to monitor large trader positions. Its trade practice surveillance procedures are described in a series of documents published by the Surveillance Department.</p> <p>In conjunction with its parent, Phlx, PBOT has sufficient staff and resources, including its automated surveillance system, to detect and investigate potential rule violations. The staff of the Phlx that currently performs surveillance and regulatory functions for the Phlx will perform the same functions at PBOT. PBOT has established procedures for regularly reviewing exception reports and utilizing user profiles.</p> <p>PBOT has established appropriate procedures to promote the fairness of investigations and to ensure appropriate, thorough, and timely investigative analysis. It has also has established acceptable procedures, clear and fair standards, and reasonable timelines for both summary and non-summary disciplinary actions.</p> <p>PBOT has the capacity to operate large-trader market surveillance, trade practice surveillance, and financial surveillance programs.</p>
<p><b>Core Principle 3</b> <i>Contracts Not Readily Subject to Manipulation</i></p>	<p>PBOT Regulatory Compliance Chart (Appendix F)</p>	<p>Acceptable.</p>

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<p>– “The board of trade shall list on the contract market only contracts that are not readily susceptible to manipulation.”</p>		<p>PBOT has represented that it plans to re-list its Euro currency futures contract under the contract’s previous terms and conditions. The Euro is a major foreign currency that is not readily susceptible to manipulation.</p> <p>PBOT also has represented that new contracts will not be readily susceptible to manipulation. All new contracts that PBOT lists will be evaluated by DMO Product Review staff to ensure that they are not readily susceptible to manipulation.</p>
<p><b>Core Principle 4 <i>Monitoring of Trading</i></b> – “The board of trade shall monitor trading to prevent manipulation, price distortion, and disruptions of the delivery or cash-settlement process.”</p>	<p>PBOT Rulebook (Appendix A)  Rule 60 -- Emergency Actions  Rule 212 -- Information Requests  Rule 305 -- Qualifications for Floor Member  Rule 318 -- Prearranged Trades Prohibited  Rule 320 -- Priority of Member’s Customer Orders  Rule 327 -- Simultaneous Execution of Buy and Sell Orders  Rule 361 -- Exchange of Futures Contracts for Physical  Rule 364 -- Manipulation/Cornering Prohibited  Rule 367 -- Simultaneous Buy and Sell Orders for the Same Beneficial Owner Prohibited  Rules 401-412 -- Disciplinary Rules  Rules 450-460 -- Member and Member Organization Responsibility Actions</p> <p>PBOT Trading System Description (Appendix B)</p> <p>PBOT Market Surveillance Procedures Manual (Appendix E)</p> <p>PBOT Regulatory Group Diagram (Supplemental Submission)</p>	<p>Acceptable.</p> <p>PBOT is a subsidiary of Phlx. The Phlx Options Surveillance Department administers PBOT’s market surveillance. Staff conducts automated and manual reviews of trading activity, in both real-time and after-the-fact.</p> <p>PBOT Rule 364 prohibits market manipulation, attempted manipulation and cornering of the market. Staff reviews Daily Trading Volume Reports for unusual trading activity, relationships and pricing anomalies.</p> <p>Daily Position Summary Reports enable surveillance of large traders. Position limits and position accountability rules set the level at which PBOT surveillance staff make special requests for information. PBOT Rule 212 requires members to provide information upon request.</p> <p>The underlying foreign currency markets are very deep and liquid and not readily susceptible to manipulation.</p>

CONTRACT MARKET CORE PRINCIPLES	PBOT PROPOSAL	STAFF ANALYSIS
<p><b>Core Principle 5</b> <i>Position Limitations or Accountability</i> – “To reduce the potential threat of market manipulation or congestion, especially during trading in the delivery month, the board of trade shall adopt position limitations or position accountability for speculators, where necessary and appropriate.”</p>	<p>PBOT Rulebook (Appendix A)            Rule 1208 -- Aggregation of Positions            Rule 1209 -- Reporting of Positions</p>	<p>Acceptable.</p> <p>PBOT Rules 1208 and 1209 govern large trader disclosure to the exchange.            PBOT surveillance staff collects large-trader data directly from its member firms, monitors the positions of its large traders and produces a Daily Position Summary Report.</p> <p>The terms and conditions of newly-listed contracts will be evaluated by CFTC product review staff to ensure that position limits and accountability are acceptable.</p>
<p><b>Core Principle 6</b> <i>Emergency Authority</i> – “The board of trade shall adopt rules to provide for the exercise of emergency authority, in consultation or cooperation with the Commission, where necessary and appropriate, including the authority to – “(A) liquidate or transfer open positions in any contract; (B) suspend or curtail trading in any contract; and (C) require market participants in any contract to meet special margin requirements.”</p>	<p>PBOT Rulebook (Appendix A)            Rule 16 -- Definition of Emergency            Rule 60 -- Emergency Actions            Rule 1300 -- Voting by Members of Board and Certain Committees</p> <p>PBOT Regulatory Compliance Chart (Appendix F)</p> <p>Business Continuity/Disaster Recovery and Offsite Storage Summary (Supplemental Submission)</p>	<p>Acceptable.</p> <p>In the event of an emergency, the Exchange, upon a 2/3 vote of the Board of Directors, may place into effect temporary emergency rules to allow the Board of Directors (or committee of the Board) to undertake such actions necessary to meet the emergency.</p> <p>PBOT’s Emergency Authority allows the Exchange to take actions that are consistent with the Acceptable Practices for Core Principle 6, including, but not limited to: extending or shortening the expiration date for trading in contracts, limiting trading to liquidation only, extending the time of delivery, changing delivery points and/or the means of delivery, ordering the liquidation of contracts, extending, limiting or changing hours of trading, suspending trading, and modifying or suspending provisions of the By-Laws or Rules of the Exchange.</p> <p>Further, the President; Chairman of the Board; or the senior available</p>

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		<p>Vice President could also take various actions in response to physical emergencies which would include any circumstance that could have a severe or adverse effect upon physical functions of the Exchange.</p> <p>See Core Principle 15 (Conflicts of Interest) for further discussion regarding conflicts of interest in decision-making.</p> <p>PBOT has contracted with [Redacted] concerning disaster recovery and business continuity services. Secure offsite storage is provided to PBOT through [Redacted] located [Redacted].</p>
<p><b>Core Principle 7</b> <i>Availability of General Information</i> – “The board of trade shall make available to market authorities, market participants, and the public information concerning – (A) the terms and conditions of the contracts of the contract market; and (B) the mechanisms for executing transactions on or through the facilities of the contract market.”</p>	<p>PBOT Regulatory Compliance Chart (Appendix F)</p>	<p>Acceptable.</p> <p>PBOT has represented that it will post its rules on its website and through the CCH service.</p>
<p><b>Core Principle 8</b> <i>Daily Publication of Trading Information</i> – “The board of trade shall make public daily information on settlement prices, volume, open interest, and opening and closing ranges for actively traded contracts on the contract market.”</p>	<p>PBOT Regulatory Compliance Chart (Appendix F)</p>	<p>Acceptable.</p> <p>PBOT has represented that it will publish information regarding settlement prices, volume, open interest, and opening and closing ranges for actively traded contracts on a timely basis on its website and through one or more market data vendors.</p>
<p><b>Core Principle 9</b> <i>Execution of Transactions</i> – “The board of trade shall provide a competitive, open, and efficient market and mechanism for executing transactions.”</p>	<p>PBOT Rulebook (Appendix A) Rule 301 -- Execution of Trades</p> <p>PBOT Regulatory Compliance Chart (Appendix F)</p>	<p>Acceptable.</p> <p>PBOT Rule 301 provides that all purchases and sales of any commodity interest shall be executed openly and competitively by open outcry on the Floor of the</p>

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		<p>Exchange in the trading areas provided for that purpose by the Exchanges during the regular hours of trading.</p> <p>PBOT rules currently do not provide for block trading. PBOT represented at the on-site trading demonstration that it will submit block trading procedures upon implementation of its electronic trading platform. Commission staff will review any block trading rules submitted at that time.</p>
<p><b>Core Principle 10 Trade Information</b> – “The board of trade shall maintain rules and procedures to provide for the recording and safe storage of all identifying trade information in a manner that enables the contract market to use the information for purposes of assisting in the prevention of customer and market abuses and providing evidence of any violations of the rules of the contract market.”</p>	<p>PBOT Rulebook (Appendix A)  Rules 324 --Recording of Member Executions  Rule 325 – Recording of Customer and Other Member Orders and Executions</p> <p>PBOT Market Surveillance Procedures Manual (Appendix E)</p>	<p>Acceptable</p> <p>PBOT rules require every floor member who executes a trade to promptly prepare a written, time-stamped record showing the executing member, clearing member, transaction date, time of execution, commodity interest and number of contracts purchased or sold and, as applicable, price or premium, delivery month or expiration date, put or call, and strike price. In addition, PBOT requires the floor member to enter the same information into PBOT’s real-time automated trade match comparison and reporting system. Complete transaction information is therefore retained in both paper and electronic form.</p> <p>PBOT rules also require members to prepare order tickets which comply with the requirements of Commission Regulation 1.35 for all orders they receive. The order tickets record the complete terms of the order including identification of the customer’s account.</p> <p>As allowed by a no-action letter from the Division of Trading and Markets dated August 24, 1992, PBOT currently does not use CTI codes. PBOT codes trades for a</p>

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		<p>broker's personal account as "M", trades for a member's house account as "M", and trades for all non-members as "C" (customer). These codes are equivalent to the Commission's CTI-1, CTI-2, and CTI-4 codes, respectively. At the time the no-action letter was issued, PBOT did not permit dual trading by members. Given PBOT's representation that it intends to resume limited open outcry trading and transition to electronic trading, staff believes that (a) PBOT's substitute code system is acceptable with respect to the reinstatement of PBOT's designation as an open outcry contract market, but that (b) PBOT should be required to adopt the use of CTI codes for its electronic trading system. PBOT represented during the onsite visit that the electronic trading system will employ CTI codes.</p> <p>PBOT's transaction history is recorded in the Trade Data Access System ("TDAS"). All of the data from the trade tickets prepared by each trade participant is entered into TDAS by a data entry terminal ("DET") operator. No information entered into TDAS can be modified without the knowledge of PBOT compliance staff, and the system maintains a record of both the original information and any modifications made.</p> <p>TDAS allows PBOT compliance staff to reconstruct trading, and generates exception reports which identify instances of potential violations of PBOT rules, the Commodity Exchange Act or Commission regulations. Specifically, exception reports identify instances of possible trading ahead, crossing orders, prearranged trading, mishandling of orders, wash trading and violations</p>

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		<p>of position limit or position accountability rules.</p> <p>At the end of each trading day, all PBOT trade data is replicated offsite at the facilities of a firm which provides disaster recovery and business continuity services to PBOT and a number of other designated contract markets. This data would enable continuity of all clearing functions if trade data at PBOT was compromised. In addition, daily, weekly, monthly and yearly backups of all PBOT data on computer tape are taken offsite to a remote storage facility provided by a second data security provider, and retained for at least five years.</p>
<p><b>Core Principle 11</b> <i>Financial Integrity of Contracts</i> – “The board of trade shall establish and enforce rules providing for the financial integrity of any contracts traded on the contract market (including the clearance and settlement of the transactions with a derivatives clearing organization), and rules to ensure the financial integrity of any futures commission merchants and introducing brokers and the protection of customer funds.</p>	<p>PBOT Rulebook (Appendix A)  Rule 202 -- Financial Requirements  Rule 203 -- Audit and Financial Filings  Rule 262 -- Segregation and Secured Requirements  Rule 363 -- Clearing Corporation Rules  Rules 401-460 -- Disciplinary Rules  Rule 1210 -- Margin Requirements for Foreign Currency Futures Contracts</p> <p>PBOT By-laws (Appendix C)  Article V, Sec. 7 – Margin Committee</p> <p>PBOT-OCC Clearing Agreement (Appendix D)</p> <p>OCC Rules (Supplemental Source)  Chapter III – Financial Requirements  Chapter VI – Margins  Chapter XI -- Suspension of a Clearing Member  Chapter XIII – Futures and Futures Options</p> <p>Phlx/PBOT Regulatory Group Diagram (Supplemental Submission)</p> <p>Regulatory Group Departments Description (Supplemental</p>	<p>Acceptable.</p> <p><i>See</i> analysis of Designation Criterion 5, above.</p> <p>PBOT has entered into an agreement under which the OCC, a registered DCO, will provide clearing and settlement services for futures transactions. PBOT Rule 363 incorporates by reference by-laws and rules of OCC.</p> <p>PBOT Rule 202 establishes minimum financial requirements for members and member organizations. Additionally, members and member organizations may be subject to Commission, NFA, and OCC financial requirements.</p> <p>The Phlx/PBOT Examinations Department conducts financial surveillance, and PBOT rules provide for disciplinary action, including summary suspension of any member or member organization that fails to comply with financial requirements.</p>

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	<p>Submission)</p> <p>Phlx/PBOT Examinations Department Daily Surveillance &amp; Routine Examination Procedures (Supplemental Submission)</p>	<p>PBOT Rule 1210 sets forth margin requirements for foreign currency futures contracts. It includes provisions regarding margin calls, acceptable forms of collateral, and default procedures. Minimum margin levels will be calculated by OCC using the TIMS methodology; margin levels are subject to approval by PBOT’s Margin Committee.</p> <p>PBOT Rule 262 requires compliance with Commission account/segregation regulations; OCC Rule 604(d) similarly requires segregation of funds held on behalf of customers.</p>
<p><b>Core Principle 12</b> <i>Protection of Market Participants</i> – “The board of trade shall establish and enforce rules to protect market participants from abusive practices committed by any party acting as an agent for the participants.”</p>	<p>PBOT Rulebook (Appendix A) Rules 311-327 -- General Trading Rules</p> <p>PBOT Market Surveillance Procedures Manual (Appendix E)</p> <p>Foreign Currency Option &amp; PBOT Futures Surveillance Department General Departmental Procedures (Supplemental Submission)</p>	<p>Acceptable.</p> <p>PBOT rules require appropriate handling and treatment of customer orders prior to execution, including preparation of written order tickets for all customer orders immediately upon their receipt, and time-stamping at the appropriate points in the order handling process. The rules require that floor members give priority to public customer orders, prioritized by the best price and, among equal prices, by time of receipt. Allocating trades among accounts (with a few specified exceptions) is prohibited.</p> <p>PBOT’s rules bar prearranged trading, disclosure of customer orders, trading ahead of customer orders, withholding orders, transferring position from one account to another except for error correction, and cross trades.</p> <p>Upon application, PBOT rules did not explicitly prohibit wash trading. During the course of the application review process, PBOT submitted an acceptable wash trade rule (<i>See</i> PBOT Rule 367 – Simultaneous</p>

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		<p>Buy and Sell Orders for the Same Beneficial Owner Prohibited). PBOT has represented that it will certify PBOT Rule 367, among others, pursuant to Regulation 40.6 upon reinstatement of its contract market designation.</p> <p>Trade practice surveillance is conducted by the Phlx Options Floor Surveillance Team, comprised of [Redacted]. This level of staffing appears adequate for surveillance of the current de minimis trading volume on PBOT. Increased open outcry or electronic volume would require reconsideration of appropriate staffing levels.</p> <p>The Surveillance Team conducts real-time surveillance through observation of trading activity and manual review of futures trading tickets. The Team conducts manual review of all trading tickets on a trade date plus one day basis, and uses TDAS exception reports to identify instances of possible trading violations. TDAS gives staff access to all PBOT audit trail data, and enables them to query data concerning specific trades. The Surveillance Team also reviews each EFP transaction to verify the bona fide nature of the transaction and its compliance with PBOT EFP rules.</p>
<p><b>Core Principle 13 Dispute Resolution</b> – “The board of trade shall establish and enforce rules regarding [sic] and provide facilities for alternative dispute resolution as appropriate for market participants and any market intermediaries.”</p>	<p>PBOT Rulebook (Appendix A): Rules 501-503 – Arbitration Rules</p> <p>PBOT-NFA Arbitration Agreement (Appendix D)</p> <p>NFA Code of Arbitration and NFA Member Arbitration Rules (incorporated by reference)</p> <p>PBOT Regulatory Compliance Chart (Appendix F) and</p>	<p>Acceptable.</p> <p>Arbitration will be carried out in accordance with NFA’s arbitration rules. Any dispute, claim or controversy involving customers will be conducted in accordance with NFA Code of Arbitration (provided that a customer shall not be subject to arbitration without the customer’s prior written consent in accordance with Commission Regulation 166.5(c)). All other</p>

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		<p>disputes, claims or controversies will be conducted in accordance with NFA Member Arbitration Rules.</p> <p>NFA’s rules provide the parties with all the rights included in the guidance, including the right to have claims decided by an objective and impartial decision-maker, the right to be represented by counsel, notice and an opportunity to be heard, the option to settle the claims, and notice of fees and costs.</p> <p>Note: Notwithstanding references in NFA’s rules conferring the authority to determine arbitrability of claims to the President of NFA in Rule 2(b) of the NFA Code of Arbitration, under PBOT rules, any determinations as to arbitrability shall be made by the President of the Exchange, with review available by the Board of the Exchange.</p>
<p><b>Core Principle 14 Governance Fitness Standards</b> – “The board of trade shall establish and enforce appropriate fitness standards for directors, members of any disciplinary committee, members of the contract market, and any other persons with direct access to the facility (including any parties affiliated with any of the persons described in this paragraph).”</p>	<p>PBOT Rulebook (Appendix A)  Rules 101-104 -- Membership Rules  Rule 305 -- Qualifications for Floor Members  Rule 341 -- Registered Commodities Trader  Rule 344 -- Floor Broker</p> <p>PBOT Bylaws Article IV Sections 2(d) and (f) (Appendix C)</p> <p>PBOT Letter to DMO, dated September 27, 2004, regarding SRO Governance Practices Questionnaire (Appendix C)</p>	<p>Acceptable.</p> <p>PBOT Rules 101 – 104 address member applications and fitness criteria.</p> <p>PBOT Rule 103 provides that PBOT can deny membership if any of the statutory disqualifiers established by CEA §§ 8a(2) – 8a(4) and 8a(11) are present. PBOT Rule 102(c) provides that members must comply with PBOT Rules 305, 341, and 344. Rule 304 sets forth relevant registration standards for floor brokers. Rule 341 addresses registered commodity traders. Rule 344 addresses floor brokers.</p> <p>PBOT Bylaws address qualifications of board members. <i>See</i> Article IV, PBOT By-Laws</p> <p><i>Fitness Standards of Board Members</i> -- Section 2(f) renders board members ineligible to serve if</p>

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		<p>any of the conditions spelled out in Commission Regulation 1.63 are met. If Rule 1.63 is triggered, this section provides that the director shall be removed.</p> <p>The Board of Directors is composed of 15 members, five of whom are ex-officio members by virtue of their status with the Phlx, the owner of PBOT and ten of whom are nominated and voted upon by the Phlx membership. In its letter dated Sept 27, 2004, PBOT represented that its Nominating Committee takes the relevant factors into consideration in selecting board members based upon biographical information supplied to it, and that the Committee may undertake resume verification and litigation searches by an outside agency. The Committee also relies on publicly-available registration information.</p> <p>The letter further states that directors are “continuously reminded” to inform PBOT’s Secretary of “any changes in status or business affiliation.”</p>
<p><b>Core Principle 15</b> <i>Conflicts of Interest</i> – “The board of trade shall establish and enforce rules to minimize conflicts of interest in the decision-making process of the contract market and establish a process for resolving such conflicts of interest.”</p>	<p>PBOT Rulebook (Appendix A)  Rule 208 -- Disclosure and Trading by Exchange Employees, Directors and Committee Members  Rule 412 -- Fairness and Impartiality Board or Committee Members  Rule 1300 -- Voting by Members of Board and certain Committees</p> <p>PBOT Letter to DMO, dated September 27, 2004, regarding SRO Governance Practices Questionnaire (Appendix C)</p>	<p>Acceptable.</p> <p>PBOT Rule 1300 addresses conflicts of interest and appears to incorporate the standards set forth in CFTC Rule 1.69. In its letter dated September 27, 2004, PBOT stated that it has not had any disciplinary matters to date since the exchange’s trading has been “very limited”. PBOT Rule 412 requires recusal, however, by Board or committee members from deliberations in disciplinary matters if the member cannot render a fair and impartial decision.</p> <p>PBOT Rule 208 governs trading by PBOT officers, employees and</p>

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		<p>consultants to incorporate the standards of Commission Regulation 1.59.</p> <p>The Board of Directors is composed of 15 members, five of whom are ex-officio members by virtue of their status with the Phlx, the owner of PBOT. Of the remaining 10 members, Article IV - Section 2(d) sets forth composition standards by reference to Commission Regulation 1.64. Upon adoption of any governance acceptable practices, staff will review, as it will do for all DCMs, PBOT's rules in light of the adopted acceptable practices.</p>
<p><b>Core Principle 16</b> <i>Composition of Boards of Mutually Owned Contract Markets</i> – “In the case of a mutually owned contract market, the board of trade shall ensure that the composition of the governing board reflects market participants.”</p>	<p>PBOT Transmittal Letter dated March 2, 2006</p> <p>PBOT Certificate of Incorporation and By-laws (Appendix C)</p> <p>PBOT Regulatory Compliance Chart (Appendix F)</p>	<p>Not Applicable.</p> <p>PBOT is a wholly-owned for profit corporate subsidiary of Phlx. Phlx changed its structure from a member-owned exchange to a Delaware stock corporation pursuant to a demutualization plan effective January 20, 2004.</p>
<p><b>Core Principle 17</b> <i>Recordkeeping</i> – “The board of trade shall maintain records of all activities related to the business of the contract market in a form and manner acceptable to the Commission for a period of 5 years.”</p>	<p>PBOT Rulebook (Appendix A) Rule 201 – Books and Records</p> <p>PBOT Regulatory Compliance Chart (Appendix F)</p>	<p>Acceptable.</p> <p>PBOT represented that it will maintain records of all activities related to its business for a period of five years and in accordance with Commission Regulation 1.31.</p> <p>PBOT Rule 201 extends the same obligation to all PBOT members, who thus must maintain all requisite books and records for five years.</p>
<p><b>Core Principle 18</b> <i>Antitrust Considerations</i> – “Unless necessary or appropriate to achieve the purposes of this Act, the board of trade shall endeavor to avoid – “(A) adopting any rules or taking any actions that</p>	<p>PBOT Regulatory Compliance Chart (Appendix F)</p>	<p>Acceptable.</p> <p>PBOT has represented that it believes its rules, have been designed to avoid unreasonable restraints of trade or the imposition of any material anti-competitive</p>

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<p>result in any unreasonable restraints of trade; or  (B) imposing any material anticompetitive burden on trading on the contract market.”</p>		<p>burden on trading.</p> <p>Nothing in the reinstatement process has raised any antitrust concerns.</p>

#### **IV. List of Supporting Documents**

- A. PBOT Transmittal Letter Requesting Reinstatement of PBOT Contract Market Designation
- B. Approval Letter
- C. Order of Reinstatement of Contract Market Designation

#### **V. Additional Supporting Documents Available on Request**

- A. PBOT Rulebook
- B. PBOT Trading System Description
- C. PBOT Governance Documents
  - Certificate of Incorporation
  - Bylaws
  - PBOT Governance and Legal Status description
- D. Agreements
  - PBOT-NFA Arbitration Agreement
  - PBOT-OCC Clearing Agreement
- E. PBOT Market Surveillance Procedures Manual
- F. PBOT Regulatory Compliance Chart
- G. PBOT Supplemental Documents
  - Surveillance Procedures
  - Phlx/PBOT Regulatory Group Diagram and Departmental Descriptions
  - Business Continuity/Disaster Recovery and Offsite Storage Description
  - Phlx/PBOT Examinations Department Daily Surveillance & Routine Examination Procedures
  - Representations regarding
    - PBOT Membership inconsistencies among its rules, by-laws and Certificate of Incorporation
    - Certification of new rules and rule amendments upon reinstatement