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Ms. Jean A. Webb  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

Reference File # 2412.01  
Rule Certification

Dear Ms. Webb:

Pursuant to Commission Regulation 40.6, the Chicago Board of Trade (CBOT<sup>®</sup>) hereby submits the following:

- **Amendments to Regulation 450.02D per the attached text (additions underlined; deletions bracketed).**

These regulation changes will provide an alternate seat registration option for agricultural member firms to qualify their affiliates for member firm transaction fee treatment. Regulation 450.02D presently allows a member firm which has 4 Full and 2 Associate Memberships registered on its behalf to designate any number of its member firm affiliates for member firms transaction fee treatment in all CBOT products. Under the referenced regulation changes, a member firm that conducts its CBOT proprietary trading exclusively with the agricultural complex may designate any number of its affiliates for member transaction fee treatment, within the agricultural complex, if the firm has 5 Full Memberships registered on its behalf.

The CBOT intends to implement these amendments one day after the Commission's receipt of this filing.

There were no opposing views among the CBOT's Board of Directors concerning these amendments.

The CBOT certifies that these amendments conform with the Commodity Exchange Act and the rules thereunder.

Sincerely,

Paul J. Draths  
Vice President and Secretary

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#### **450.02D - Member Firm Affiliates and Designated Passive Investor Entities**

**(j) Member Firm Affiliates** - For purposes of this regulation, the term “member firm affiliate” shall mean a non-Futures Commission Merchant, non-clearing entity which is wholly owned by one or more member firms, which wholly owns a member firm, or which is wholly owned by the same parent company(ies) as a member firm. For purposes of this regulation, the term “member firm” shall refer only to a firm registered with the Exchange pursuant to registration categories (1a), (1b), (2a) or (2b) of Regulation 230.02.

- (a) A member firm affiliate may lease a Full or Associate Membership on its own behalf, thereby qualifying for delegate fee treatment (i.e., the applicable member firm fee plus the applicable delegate fee) with respect to its transactions on the Exchange.
- (b) A member firm which owns one or more Full Memberships in addition to those required for its own registration under Rule 230.00, and/or any Associate Membership(s), (hereinafter “non-qualifying memberships”) may designate such a non-qualifying membership to make its member firm affiliate eligible for member firm transaction fee treatment. A non-qualifying membership may not be designated for more than one member firm affiliate at any given time.
- (c) A member firm that has at least four (4) Full Memberships and two (2) Associate Memberships registered on its behalf, including any Full Memberships required for its own registration under Rule 230.00, may designate any number of its member firm affiliates for member firm transaction fee treatment. A member firm whose proprietary trading on the Exchange only includes agricultural contracts may, at its option, designate for member firm transaction fee treatment any number of its member firm affiliates whose proprietary trading on the Exchange also only includes agricultural contracts, if the member firm has at least five (5) Full Memberships registered on its behalf.

**(ii) Member Firm Designation of Passive Investor Entities** - A member firm that is registered with the Exchange pursuant to registration categories (1a), (1b), (2a) or (2b) of Regulation 230.02, and that has at least four (4) Full Memberships and two (2) Associate Memberships registered on its behalf, including any Full Memberships required for its own registration under Rule 230.00, or a member firm registered with the Exchange pursuant to registration category (3) of Regulation 230.02, may designate, for member firm transaction fee treatment, up to five non-FCM, non-clearing passive investor entities, where the member firm exercises trading control over, or is under common trading control with, such entities, or in addition with respect to a category (3) member firm, which wholly owns such entities. For purposes of this regulation, a "passive investor entity" is defined as a commodity pool, hedge fund, or other collective investment vehicle.

If a Regulation 230.02, category (1a), (1b), (2a), (2b) or (3) member firm wishes to designate more than five passive investor entities as described in this paragraph (ii), it must have an additional four (4) Full Memberships and two (2) Associate Memberships registered on its behalf, in order to be eligible to designate up to six additional such entities.

**(iii) Provisions Applicable to Designations of Member Firm Affiliates and Passive Investor Entities** - All designations of member firm affiliates and passive investor entities, as described in paragraphs (i) and (ii) above, shall be subject to the following provisions:

- [(1)a] In order to become effective, the designation must be documented with, and approved by, the Exchange in such manner as the Exchange prescribes.
- [(2)b] Upon such designation, the member firm affiliate or passive investor entity shall be subject to the Exchange's jurisdiction and to all duties and obligations imposed upon members[,] and member firms[, or other approved persons] under the Rules and Regulations; provided, however, that the Exchange may exempt such member firm affiliates or passive investor entities from any such duty or obligation which, in the Exchange's sole judgment, is incompatible or in conflict with, or is unrelated to, the activities of the member firm affiliate or passive investor entity.
- [(3)c] The Exchange may withdraw its approval of such designation for good cause.
- [(4)d] A non-qualifying membership or all of the four (4) Full Memberships and two (2) Associate Memberships, or five (5) Full Memberships pursuant to paragraph (i)(c), registered on behalf of a Regulation 230.02, category (1a), (1b), (2a), (2b) or (3) member firm will be subject to sale by the Exchange for the acts or delinquencies of the member firm for which they are registered and/or for the acts or delinquencies of any member firm affiliate or passive investor entity that has been designated by the member firm under this regulation.
- [(5)e] Upon the sale or transfer of a non-qualifying membership or any of such four (4) Full Memberships or two (2) Associate Memberships, or five (5) Full Memberships pursuant to paragraph (i)(c), claims may be filed pursuant to Rule 253.00 against the member firm for which the membership is registered and/or against any member firm affiliate or passive investor entity that has been designated by the member firm under this regulation.