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OFC. OF THE SECRETARIAT

NEW YORK
BOARD OF TRADE®
World Financial Center
One North End Avenue
New York, New York 10282

BY ELECTRONIC TRANSMISSION

05-35
September 8, 2005

Ms. Jean A. Webb
Secretary of the Commission
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: **Amendments to Rule 11.24 -**
Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6

Dear Ms. Webb:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commission Regulation 40.6, the Board of Trade of the City of New York, Inc. ("Exchange") submits, by written certification, amendments to Rule 11.24, attached as Exhibit A.

The amendments change the strike price interval for Sugar Options to 25 points starting at $.0050 up to $.1000 per pound, to 50 points starting at $.1000 up to $.1500 per pound and 100 points at $.1500 per pound and above. The narrower strike prices will increase liquidity in Sugar Options, allow hedgers to more precisely tailor their hedges and allow over-the-counter market makers to improve their pricing.

In addition, the amendments provide for the automatic listing of strike prices, the at-the money strike and 3 strikes above and 3 strikes below the at-the-money strike.

The Exchange certifies that the amendments comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder.

The amendments were adopted by the Exchange's Board of Governors on April 13, 2005. They will become effective on September 26, 2005.

Opposing views were expressed by members and others with respect to the amendments. Those opposing the narrower strike price intervals expressed the view that this would cause too many strike prices to be listed for trading. This would have a negative impact on liquidity, dampen volatility and diminish the tightness of the bid/ask spread in the currently listed strike prices to the detriment of existing users.

If you have any questions or need further information, please contact me at jfassler@nybot.com or 212-748-4084.

Sincerely,

Jill S. Fassler
Vice President
Associate General Counsel

cc: Riva Adriance
Thomas Leahy
CFTC, Division of Market Oversight
Allen Cooper
CFTC, New York Regional Office

(In the text of the amendments below, additions are underlined and deletions are bracketed and lined out.)

Rule 11.24. Strike Prices

(a) Trading shall only be conducted in Regular or Serial Options having Strike Prices determined in accordance with this Rule.

(b) The Strike Prices of Options that are listed for trading shall be at levels (the "prescribed levels") set in intervals (the "prescribed intervals") as follows:

(i) Strike Prices shall be at levels which are at intervals of one-quarter cent ($.0025) commencing at $.0050 per pound up to $.1000; at levels which are at one-half cent ($.0050) commencing at $.1000 per pound up to $.1500 per pound; and at levels which are one cent ($.0100) at $.1500 per pound and above. [~~In the case of all Regular Options Contracts trading on the first (1st) two (2) nearby Underlying Futures Contracts (the "nearby months") and any Serial Option Month, Strike Prices shall be at levels which are at intervals of one-half cent ($.0050) commencing at $.0050 per pound up to $.1500 per pound and one cent ($.0100) commencing at $.1500 per pound up to $.4000 per pound, and two cents ($.0200) at $.4000 per pound and above. In addition, there shall be two (2) intervening half-cent Strike Prices above and all intervening half-cent Strike Prices below the full-cent Strike Prices at the prescribed level which is equal to the Settlement Price for the Underlying Futures Contract on the previous trading day, or if such Settlement Price is not equal to any such prescribed level, then at the next such prescribed level above such Settlement Price for the Underlying Futures Contract up to $.2000 per pound.~~

~~(ii) In the case of all other Regular Option Months trading at any one (1) time (the "deferred months"), Strike Prices shall be at levels which are at intervals of one cent ($.0100) commencing at $.0100 per pound up to $.2000 per pound, two cents ($.0200) commencing at $.2000 per pound up to $.4000 per pound, and four cents ($.0400) at $.4000 per pound and above. In addition, there shall be two (2) intervening half-cent Strike Prices above and two (2) intervening half-cent Strike Prices below the full-cent Strike Prices at the prescribed full-cent level which is equal to the Settlement Price for the Underlying Futures Contract on the previous trading day, or if such Settlement Price is not equal to any such full-cent prescribed level, then at the next such full-cent prescribed level above such Settlement Price for the Underlying Futures Contract up to $.2000 per pound.~~]

(c) Except as the Board or President may from time to time prescribe otherwise, Sugar Options shall be listed for trading with particular prices for each Option Month as follows:

[~~(i) At the time Sugar Options for any Regular Option Month are first (1st) listed for trading pursuant to Rule 11.22, they shall be listed with seven (7) full-cent Strike Prices plus any intervening half-cent Strike Prices as required in subparagraphs (b)(i) and (b)(ii) each for Puts and Calls. The first (1st) such full-cent Strike Price will be set at the prescribed level which is equal to the Settlement Price for the Underlying Futures Contract on the previous trading day, or if such Settlement Price is not equal to any such prescribed level, then at the next prescribed level above such Settlement Price. The other six (6) full-cent Strike Prices shall be at each of the three (3) prescribed levels next above and the three (3) prescribed levels next below the first (1st) Strike Price. At the time Sugar Options for any Serial Option Month are first listed for trading pursuant to Rule 11.22, they shall be listed with all the Strike Prices of the next Regular Option Month with an expiration subsequent to the Serial Option.~~

~~(ii) Whenever the Strike Prices of the listed Options for any Regular or Serial Option Month do not include the first (1st) prescribed full-cent level above the Settlement Price for the Underlying Futures~~

~~Contract on the previous trading day, or either of the three (3) full-cent prescribed levels above or below such a level, they shall be listed for trading on the following day, along with any unlisted level between such Settlement Price and the Settlement Price of the Underlying Futures Contract on the previous trading day, and any intervening half-cent Strike Prices below fifteen cents ($.1500) per pound and any intervening half-cent Strike Prices below $.2000 as required in subparagraphs (b)(i) and (b)(ii).~~]

(i) At the time Sugar Options for any Regular Option Month are first (1^{st}) listed for trading pursuant to Rule 11.22, they shall be listed with seven (7) Strike Prices at intervals specified in paragraph (b) above for Puts and Calls. The first (1^{st}) Strike Price will be set at the prescribed level equal to the Settlement Price for the Underlying Futures Contract on the previous trading day, or if such Settlement Price is not equal to any such prescribed level, then at the next prescribed level above such Settlement Price. The other six (6) Strike Prices shall be at each of the three (3) prescribed levels next above and the three (3) prescribed levels next below the first (1^{st}) Strike Price. At the time Sugar Options for any Serial Option Month are first listed for trading pursuant to Rule 11.22, they shall be listed with all the Strike Prices of the next Regular Option Month with an expiration subsequent to the Serial Option.

(ii) Whenever the Strike Prices of the listed Options for any Regular or Serial Option Month do not include the seven (7) Strike Prices at intervals specified above based upon the Settlement Price of the Underlying Futures Contract on the previous trading day, Strike Prices at the prescribed levels shall be listed for trading.

(iii) Any listing of Strike Prices prescribed by the Board or the President under this Rule shall be made effective upon adoption or as otherwise determined by the Board or the President.

(d) An Option shall be delisted if for ten (10) consecutive trading days no Transaction is executed, and there is no open position, in such Option; provided, however, that no Option shall be so delisted if it has a Strike Price which is at the first (1^{st}) full-cent prescribed level above the Settlement Price of the Underlying Futures Contract on the previous trading day, or is at either of the three (3) prescribed full-cent levels above or below such level, or any of the intervening half-cent Strike Prices set forth in subparagraphs (b)(i) and (b)(ii); and provided further that no Option shall be so delisted if there is an Option in another class with the same Strike Price that does not otherwise qualify for delisting; and provided further that, in the case of Serial Options and the next Regular Option Month with an expiration subsequent to the expiration of the Serial Option(s), no Option shall be so delisted unless it can be delisted for any Serial Option Month and such next Regular Option.

[~~(e) On the trading day that any Regular Option Month that was a deferred month becomes a nearby month or in case of any Serial, new Options shall be listed for trading in such Regular or Serial Option Month having Strike Prices set in accordance with the prescribed levels and prescribed intervals set forth in subparagraph (b)(i), such that the Strike Prices listed for trading will include:~~

~~(i) One (1) full-cent Strike Price at the prescribed level which is equal to the Settlement Price for the Underlying Futures Contract on the previous trading day, or, if such Settlement Price is not equal to any such prescribed level, then at the next such prescribed level above such Settlement Price; and~~

~~(ii) One (1) Strike Price at each of the three (3) prescribed full-cent levels next above and next below the Strike Price referred to in subparagraph (e)(i).~~

~~(iii) All intervening half-cent Strike Prices below fifteen cents ($.1500) per pound and any intervening half-cent Strike Prices below $.2000 as required in subparagraph (b)(i).~~]