

RECEIVED
C.F.T.C.

07-16

(2)



2007 DEC 27 PM 4: 41

RECORDS SECTION
December 26, 2007

VIA E-MAIL

David A. Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

COMMENT

2007 DEC 27 AM 11: 11
OFF. OF THE SECRETARIAL

RECEIVED
C.F.T.C.

Re: ICE Clear Section 4(c) Request – 72 Fed. Reg. 68862 (December 6, 2007)

Dear Mr. Stawick:

CME Group Inc. ("CME Group") respectfully requests a 45-day extension of the comment period with respect to two ICE Clear U.S., Inc. ("ICE Clear") petitions and a related petition filed by ICE Futures U.S., Inc. ("ICE Futures U.S."). These petitions are discussed further below.

CME Group was formed by the July 2007 merger of Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings, Inc. CME Group is the parent of Chicago Mercantile Exchange Inc. and the Board of Trade of the City of Chicago, Inc. (the "CME Group Exchanges"). CME Group also owns Swapstream Operating Services Limited, an over-the-counter ("OTC") trading facility, and owns an interest in FXMarketspace Limited, an FX trading platform that is authorized and regulated by the United Kingdom's Financial Services Authority. The CME Group Exchanges serve the global risk management needs of our customers and those who rely on the price discovery provided by the competitive markets maintained by the Exchanges. The CME Group Exchanges offer a comprehensive selection of benchmark products in most major asset classes, including futures and options based on interest rates, equity indexes, foreign exchange, agricultural commodities, energy, and alternative investment products such as weather and real estate. We also offer access to energy products on our Globex® electronic trading platform through our agreement with the New York Mercantile Exchange. Additionally, CME Group offers order routing, execution and clearing services to other exchanges by means of Globex and our clearing house. CME Group is traded on the New York Stock Exchange and NASDAQ under the symbol "CME."

On December 6, 2007, the Commission issued its Federal Register release requesting comment on a petition filed by ICE Clear and a related petition filed by ICE Futures U.S. Both petitions request that the Commission exercise its exemptive authority in Section 4(c) of the Commodity Exchange Act ("CEA"). ICE Clear seeks to clear OTC agricultural contracts that do not meet certain of the requirements of Commission Regulation 35.2. ICE Futures U.S. requests that its floor traders and floor brokers be recognized as eligible swap participants, when trading for their own accounts, so that they may enter into such cleared-only OTC agricultural contracts. ICE Clear has also filed a related petition for an order pursuant to Section 4d of the CEA that would prescribe terms and conditions for the commingling, by ICE Clear and futures commission merchants

("FCMs"), of customer funds used to margin these OTC agricultural contracts with other funds held in segregated accounts. Although the Commission has not issued a Federal Register release specifically requesting comment on ICE Clear's Section 4d petition, the Commission has posted this petition on its website, making it available for comment.

The Commission indicated in its Federal Register release that comments must be received on or before January 7, 2008, and its posting regarding ICE Clear's Section 4d petition also indicates that comments are due by January 7, 2008. CME Group requests a 45-day extension of the comment period with respect to all three petitions. The issues raised by the petitions filed by ICE Clear and ICE Futures U.S. are very important and, if granted, would open up new markets for clearing by registered derivatives clearing organizations that have never before been permitted under the CEA, as currently administered by the Commission. Granting the relief requested by ICE Clear will set a new precedent that will permit the clearing of agricultural contracts that are traded off-exchange and that may have certain characteristics that have traditionally been associated with futures contracts.

Examples of the many issues that may need to be addressed include, among others:

- Under what circumstances there may be a valid distinction between cleared-only OTC agricultural swaps and off-exchange futures contracts in agricultural commodities;
- Whether the Commission should issue a general interpretation or blanket exemption with respect to cleared-only OTC agricultural swaps, and if so, under what conditions. These conditions may address:
 - To what extent a cleared-only OTC agricultural swap may be part of a fungible class of agreements that are standardized as to their material economic terms;
 - Under what conditions it may be determined that cleared-only OTC agricultural swaps are consistent with the public interest and the purposes of the CEA;
 - Under what conditions it may be determined that cleared-only OTC agricultural swaps will not have a material adverse effect on the ability of the Commission and the relevant market and/or clearing house to discharge their regulatory and self-regulatory responsibilities.
 - The necessary requirements with respect to the liquidity of the underlying markets or how the risk of a potential default with respect to cleared-only OTC agricultural swaps should otherwise be mitigated.
 - To what extent reporting obligations, speculative position limits, or position accountability requirements should apply to cleared-only OTC agricultural swaps.

David A. Stawick
December 26, 2007
Page 3 of 3

- Under what conditions the funds used to margin cleared-only OTC agricultural swaps should be permitted to be commingled with funds held in segregated accounts.
- What market participants will qualify as eligible swap participants with respect to such contracts.
- Whether the Commission should grant individual petitions on a case-by-case basis at the same time that it considers whether to issue a general interpretation or blanket exemption with respect to cleared-only OTC agricultural contracts, and if so, whether any case-by-case exemptions previously granted must comply with the conditions that may subsequently be imposed in any blanket exemption.
- Whether a Commission order permitting the funds used to margin such cleared-only OTC contracts to be held in segregation would subject those funds to the bankruptcy protections set forth in Part 190 of the Commission's regulations, and if so, under what circumstances.

In order to properly consider the issues noted above, more time (well beyond the current holiday period) is needed. Accordingly, CME Group respectfully requests that the Commission extend the comment period with respect to the ICE Clear and ICE Futures U.S. Section 4(c) petitions and ICE Clear's Section 4d petition for an additional 45 days.

If you have any questions, please feel free to contact Anne Polaski, Associate Director and Regulatory Counsel, at 312-338-2679 or anne.polaski@cmegroup.com or me at 312-930-2041 or richard.lamm@cmegroup.com.

Thank you for your consideration.

Sincerely,



Richard H. Lamm
Managing Director, Regulatory Counsel

cc: Acting Chairman Walter Lukken
Commissioner Bart Chilton
Commissioner Michael Dunn
Commissioner Jill E. Sommers
Ananda Radhakrishnan
Richard Shilts
David Van Wagner