

New York Clearing Corporation

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BY ELECTRONIC MAIL

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

Attention: Secretariat

Re: Rule Certification

Ladies and Gentlemen:

New York Clearing Corporation ("NYCC") hereby submits the amendments to Rules 401, 502, 601 and 602 set forth in Exhibit A annexed hereto (the "Rule Amendments") pursuant to Regulation 40.6. NYCC is a registered derivatives clearing organization, which clears transactions effected on or subject to the rules of the contract markets owned or controlled by the Board of Trade of the City of New York, Inc.

The implementation date of the Rule Amendments is the business day following receipt by the Commission. The Rule Amendments were adopted by the Board of Directors of NYCC at its meeting on September 8, 2003 to clarify the limitations on the liabilities and obligations of NYCC with respect to delivery under futures contracts cleared by NYCC.

No substantive opposing views to the Rule Amendments have been expressed to NYCC.

NYCC hereby certifies that the Rule Amendments comply with the Commodity Exchange Act and the regulations thereunder.

If any member of the Commission or its staff would like to discuss any aspect of the Rule Amendments or has any questions with respect thereto, please call the undersigned at 718-906-5634.

Very truly yours,

NEW YORK CLEARING CORPORATION

By: _____

George F. Haase, Jr.
President

EXHIBIT A

Rule 401. Acceptance for Clearance

(a) The Corporation, by accepting a Contract offered to it for clearance by or on behalf of a Clearing Member, shall assume, in the place of each Clearing Member that is a party to such Contract, all liabilities and obligations imposed thereby to the Clearing Member that is the other party thereto, to the extent provided in Rule 401(b), and shall succeed to and become vested with all rights and benefits accruing therefrom. Such assumption by the Corporation shall terminate all liabilities and obligations of the Clearing Member whose Contract is so accepted to the other Clearing Member which was a party to such Contract until the delivery notice under such contract is issued by or assigned to the Clearing Member as provided for in Rule 401(c).

(b) THE LIABILITIES AND OBLIGATIONS OF THE CORPORATION ARISING PURSUANT TO RULE 401(a) SHALL BE SUBJECT TO THE FOLLOWING LIMITATIONS:

(i) SUCH LIABILITIES AND OBLIGATIONS SHALL EXTEND ONLY TO THE CLEARING MEMBERS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE CORPORATION SHALL NOT HAVE ANY LIABILITY OR OBLIGATION ARISING OUT OF OR WITH RESPECT TO ANY CONTRACT TO ANY CUSTOMER OF A CLEARING MEMBER OR ANY EXCHANGE MEMBER WHICH ACTED AS A BROKER FOR A CUSTOMER OR A CLEARING MEMBER; AND

~~(ii) [IF ANY SUCH LIABILITY OR OBLIGATION ARISES OUT OF A FAILURE BY A CLEARING MEMBER TO MAKE OR ACCEPT DELIVERY OF A COMMODITY UNDER A CONTRACT WHEN AND AS REQUIRED UNDER THE RULES OR ANY APPLICABLE EXCHANGE RULES; (A)] EXCEPT AS PROVIDED IN RULE 603, [THE CORPORATION'S SOLE LIABILITY OR OBLIGATION SHALL BE TO PAY ANY DAMAGES AND PENALTIES PROVIDED FOR UNDER APPLICABLE EXCHANGE RULES FOR SUCH FAILURE, AND] THE CORPORATION SHALL HAVE NO OBLIGATION TO MAKE OR ACCEPT DELIVERY OF ANY COMMODITY IN FULFILLMENT OF [SUCH] A CONTRACT, AND SHALL HAVE NO LIABILITY ARISING OUT OF A FAILURE OF A CLEARING MEMBER TO MAKE OR ACCEPT SUCH DELIVERY[; AND].~~

~~(B) IF SUCH FAILURE OCCURS AFTER THE DELIVERY NOTICE UNDER SUCH CONTRACT FOR THE PURCHASE OR SALE OF SUCH COMMODITY WAS ISSUED BY OR ASSIGNED TO SUCH CLEARING MEMBER, THE LIABILITY OF THE CORPORATION SHALL BE LIMITED, IN THE AGGREGATE, TO THE AMOUNT OF ORIGINAL MARGIN ON DEPOSIT WITH THE CORPORATION FROM SUCH CLEARING MEMBER FOR SUCH CONTRACT; AND~~

~~[(C) ANY CLAIM AGAINST THE CORPORATION IN RESPECT OF SUCH FAILURE MUST BE MADE IN WRITING AND DELIVERED TO THE~~

~~CORPORATION WITHIN ONE BUSINESS DAY AFTER SUCH FAILURE TAKES PLACE, OR SUCH CLAIM SHALL BE WAIVED AS AGAINST THE CORPORATION.]~~

~~[(iii) All such liabilities and obligations shall terminate after delivery of and payment for a commodity are made pursuant to these Rules and any applicable Exchange rules.]~~

(c) When a delivery notice or Multiple Delivery Notice with respect to a futures contract of a Deliverer to sell a commodity is issued by the Corporation to a Receiver holding a futures contract to buy such commodity:

(i) such futures contracts shall be combined into a single contract between the Deliverer and the Receiver, whereby the Deliverer agrees to sell such commodity to the Receiver and the Receiver agrees to buy such commodity from the Deliverer, all on the terms and conditions specified in the futures contracts being combined; and

(ii) the Corporation shall have no further rights or obligations under any of such contracts.

Notwithstanding the foregoing, the Corporation shall continue to collect and pay variation margin from and to the Receiver and the Deliverer with respect to the combined contract in the same manner as it collects and pays variation margin on open futures contracts, and the Corporation shall continue to hold original margin with respect to such combined contract, all subject to and as provided in the Rules of the Listing Exchange. In the event that either the Deliverer or the Receiver shall default in paying any such variation margin when and as due with respect to such combined contract:

(A) the Corporation may apply the amount of original margin on deposit with the Corporation from such Clearing Member with respect to such contract against such payment, it being expressly understood that the Corporation shall have no obligation to collect and pay variation margin in such circumstances to the extent that the amount of original margin on deposit with the Corporation is insufficient for such purpose;

(B) the Corporation shall thereafter have no further obligation to collect or pay variation margin with respect to such contract; and

(C) the Corporation shall not have any other obligation or liability with respect to such default, including, without limitation, any obligation to make any payments from the Guaranty Funds or any other asset it holds on behalf of the defaulting party, or to make any assessments on Clearing Members with respect to such default.

* * *

Rule 502. Margin and Premium Requirement

(b) The Corporation shall retain the amount of original margin deposited with respect to any futures contract for which a delivery notice has been issued until [~~:(i) in the case of any futures contract for which pro forma settlement is made, the Business Day after the day on which the Corporation receives the report referred to in Rule 601 that final settlement has been made; (ii) in the case of any futures contract for which pro forma settlement is not made, the second Business Day after the applicable delivery day, and (iii) in the case of any futures contract with respect to which the Corporation has received a notice of claim pursuant to Rule 401(b) on the day on which the Corporation receives written notice signed by both Clearing Members that final settlement has been made]~~ such time as provided for in the applicable Exchange Rules.

* * *

Rule 601. Delivery Rules

Any delivery of commodities shall be made in accordance with these Rules and the rules of the Listing Exchange for such Contract. Each Clearing Member which is, or which carries an account which is required to make or accept physical delivery of a commodity pursuant to a [CSCE] futures contract [~~which is settled by pro forma payment and delivery]~~ shall [~~immediately~~] notify the Corporation if and when delivery or payment [~~pro forma settlement~~] has been made [~~and thereafter when such futures contract has been settled by final payment and delivery~~], as applicable, at such time and as otherwise required by [~~in accordance with~~] the rules of the Listing Exchange.

Rule 602. [~~Original~~] Margin on Delivery Notices

(a) Each Clearing Member which issues or receives a delivery notice for a commodity under any Contract (i) shall maintain original margin on each such Contract in accordance with these Rules and the rules of the Listing Exchange for such Contract and (ii) deposit with the Corporation variation margin for each such Contract in accordance with these Rules and the rules of the Listing Exchange for such Contract.

(b) If any Clearing Member shall not have deposited or paid any original margin, variation margin or option premiums due from it at the time it tenders a delivery notice to the Corporation, the Corporation may decline to accept such delivery notice.