

New York Clearing Corporation
One North End Avenue, 13th Floor
New York, New York 10282

BY ELECTRONIC TRANSMISSION

07-13
February 13, 2007

Ms. Eileen A. Donovan
Acting 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 NYCC By-Law Sections 5.5(b) and (c) -
Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6**

Dear Ms. Donovan:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commission Regulation 40.6(a), the New York Clearing Corporation ("NYCC") submits, by written certification, amendments to NYCC By-Law Sections 5.5(b) and (c), attached as Exhibit A.

The amendments specify the amount each Clearing Member must deposit in order to restore a deficiency in the Guarantee Fund and limit the amount payable for such a deficiency by a Cotton Only Clearing Member to those products traded at the Board of Trade of the City of New York, Inc. at the time of the merger. A Cotton Only Clearing Member is defined as a Clearing Member entitled to clear only contracts in cotton.

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

NYCC's Board of Directors approved the amendments on February 12, 2007. No substantive opposing views were expressed by members or others with respect to the amendments. The amendments will go into effect on February 14, 2007.

OFFICE OF THE SECRETARIAT

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

Sincerely,

Jill S. Fassler
NYBOT®
Vice President
Associate General Counsel

cc: John Lawton
CFTC, Division of Clearing and Intermediary 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.)

Section 5.5. Monetary Defaults; Use of Guaranty Fund; Assessments

* * *

(b) If the margin, Guaranty Fund deposit and other assets of a Defaulting Clearing Member under the control of the Corporation are in the aggregate less than the Defaulted Obligation, and if the Defaulting Clearing Member fails to pay the Corporation the amount of the deficiency on demand, such Defaulting Clearing Member shall continue to be liable therefor, but the amount of the deficiency, until collected from the Defaulting Clearing Member, shall be met from the following sources of funds in the order listed (each such source to be fully utilized before the next following source is applied);

(i) such portion, if any, of the surplus of the Corporation as the Board determines to be available for such purpose;

(ii) If the President, with the concurrence of the Chairman or the Vice Chairman, so determines, a loan on such terms and conditions as they may determine to be necessary or appropriate (including without limitation granting an assignment, pledge or other lien on or security interest in the Guaranty Fund or the cash, securities and other property held in the Guaranty Fund as provided in Section 5.4(f) of these By-Laws);

(iii) subject to Section 5.4(g)(ii) and the last paragraph of Section 5.5(b) of these By-Laws, the Guaranty Fund;

(iv) insurance proceeds, if any, received by the Corporation in connection with the Monetary Default giving rise to the Defaulted Obligation; and

(v) assessments levied by the Corporation upon all the Clearing Members (other than the Defaulting Clearing Member) as hereafter provided in this Section 5.5. The total amount to be assessed at any one time pursuant to clause (v) of this paragraph (b) is hereinafter called the "Assessment Amount".

The amount that each Clearing Member must deposit in the Guaranty Fund to satisfy its obligation, pursuant to Section 5.4(g)(ii), to restore the Guaranty Fund deficiency in the event of the application of some part or all of the Guaranty Fund pursuant to Section 5.5(b)(iii) (the total Guaranty Fund amount so applied referred to herein as the "Aggregate Guaranty Fund Deficiency"), shall be determined by multiplying the Aggregate Guaranty Fund Deficiency by a fraction, the numerator of which shall be the sum of the amount of the Clearing Member's Base Margin Amount and Base Volume Amount (determined in each case without reference to the maximum Guaranty Fund deposit amounts imposed by subsections (b)(i), (b)(iii) and (b)(v)(A) of Section 5.4) for the period of three (3) calendar months prior to the Monetary Default, and the denominator of which shall be the total of the Base Margin Amounts and the Base Volume Amounts for such period for all Clearing Members (in each case determined without

EXHIBIT A

reference to the maximum Guaranty Fund deposit amounts imposed by subsections (b)(i), (b)(iii) and (b)(v)(A) of Section 5.4). The resulting product shall constitute the amount that each Clearing Member must restore to the Guaranty Fund pursuant to Section 5.4(g) as a result of the application of the Guaranty Fund pursuant to Section 5.5(b)(iii). Notwithstanding the foregoing, Clearing Members entitled to clear only Contracts in cotton at the time of the Merger ("Cotton Only Clearing Members") shall not be required to make any payments to restore the Guaranty Fund if and to the extent that the Guaranty Fund is applied pursuant to Section 5.5(b)(iii) as a result of a Monetary Default involving a type of Contract that was not cleared by the Corporation at the time of the Merger. If the Monetary Default involves both (i) Contracts of the type that were cleared by the Corporation at the time of the Merger, and (ii) Contracts of the type that were not cleared by the Corporation at the time of the Merger, then the Corporation will calculate the amounts to be paid to restore the Guaranty Fund separately for the different types of Contracts, as necessary, to comply with the previous sentence.

(c) The amount of any assessment levied on any Clearing Member pursuant to Section 5.5 shall be computed by multiplying the Assessment Amount by a fraction, the numerator of which shall be the sum of the Clearing Member's Base Margin Amount and Base Volume Amount determined (in each case determined without reference to the maximum Guaranty Fund deposit amounts imposed by subsections (b)(i), (b)(iii) and (b)(v)(A) of Section 5.4) for the period of three (3) calendar months preceding the Monetary Default, and the denominator of which shall be the total of the Base Margin Amounts and the Base Volume Amounts for such period for all Clearing Members being assessed (in each case determined without reference to the maximum Guaranty Fund deposit amounts imposed by subsections (b)(i), (b)(iii) and (b)(v)(A) of Section 5.4). The resulting product shall constitute the amount of the assessment to be levied on such Clearing Member pursuant to this paragraph (c). Notwithstanding the foregoing, no assessments shall be made against Cotton Only Clearing Members if and to the extent that the assessments relate to a Monetary Default involving a type of Contract that was not cleared by the Corporation at the time of the Merger. If the Monetary Default involves both (i) Contracts of the type that were cleared by the Corporation at the time of the Merger, and (ii) Contracts of the type that were not cleared by the Corporation at the time of the Merger, then the Corporation will calculate the assessment amounts separately for the different types of Contracts, as necessary, to comply with the previous sentence.

[REMAINDER OF BY-LAW UNCHANGED]