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07-40
July 12, 2007

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 Rules 6.22 and 11.09 -
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 40.4, the Board of Trade of the City of New York, Inc. (the "Exchange") submits, by written certification, amendments to Rules 6.22 and 11.09, attached as Exhibit A.

Rule 6.22

The amendments to Rule 6.22 increase the Any One Month position accountability level from 9,000 to 10,000 and the All Month Combined level from 9,000 to 15,000 Sugar No. 11 futures and futures equivalent contracts. The new levels are justified by the increase in activity in the Sugar No. 11 futures and options contracts and in the underlying commercial market. The current 9,000 levels were set in 2001 when volume was 5.1 million contracts. At the end of 2006, volume had more than doubled to 14.1 million contracts.

Rule 11.09

The amendments to Rule 11.09 provide procedures for Sugar No. 11 delivery disputes, which are not resolved by expedited arbitration, so that such arbitrations can be administered differently than other Exchange arbitrations. The amendments address concerns raised by the sugar trade that the arbitration panels were not comprised of professional arbitrators and the arbitrations took too long.

The amendments provide that the Exchange's general arbitration rules (Chapter 20) will apply except for specific provisions listed in Rule 11.09. Those provisions are:

- (i) if all parties agree, the dispute may be decided on the papers and supporting documents and affidavits; however, the chairman of the Arbitration Committee, in his sole discretion, may nonetheless require a hearing;
- (ii) the panel will be advised by an outside counsel unless the panel determines that it is not necessary in a given case; the cost of having such outside counsel will be borne by the parties and not the Exchange; and
- (iii) the panel's decision will contain the reasons for the determination.

In addition to the amendments, the Exchange's Board of Directors adopted a resolution to provide for an arbitrator's fee to be imposed on the parties for Sugar No. 11 delivery disputes that is different from the arbitrator's fee imposed for general arbitrations. The arbitrator's fee for such a dispute will be one hundred fifty dollars (\$150) for each hour spent reviewing the filed papers, hearing the matter and formulating a reasoned decision. Each arbitrator will submit a bill showing the time spent on the matter. The parties will pay the fee as determined by the panel. This arbitrator's fee is similar to the one charged by the Sugar Association of London for arbitrations filed with the organization.

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 Directors on July 11, 2007. The amendments to Rule 6.22 will become effective for all listed and subsequently listed delivery months on July 16, 2007. The amendments to Rule 11.09 will become effective for all sugar delivery arbitrations filed on or after July 16, 2007. No substantive opposing views were expressed by members or others with respect to the amendments.

If you have any questions or need further information, please contact me at jill.fassler@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 6.22. Position Limits and Position Accountability for Sugar No. 11 Contracts

(a) A Person holding or controlling ~~[nine]~~ ten thousand (~~[9]~~10,000) or more Exchange Futures Contracts and Futures Equivalent Contracts net long or net short in any single Sugar No. 11 month or holding or controlling fifteen thousand (15,000) or more Exchange Futures Contracts and Futures Equivalent Contracts net long or net short in all Sugar No. 11 months combined:

(i) automatically consents not to increase further those positions when so ordered by the Exchange acting in its own discretion; and

(ii) shall provide, in a timely manner, information on the nature of that Person's related cash, Exchange Futures and Options Contracts positions, trading strategy and/or hedging strategy. Nothing in this Rule limits the authority of the Exchange to take action under Rules 6.11 and 6.12 or to request and collect any information regarding that Person's related cash and Exchange Futures and Options Contracts positions.

(b) Subject to the exceptions contained in this Chapter, as of the opening of trading on the second (2nd) Business Day following the expiration of the regular Option traded on the expiring Exchange Futures Contract, the maximum position net long or net short which any one (1) Person may own or control in an expiring Sugar No. 11 Contract is five thousand (5,000) Exchange Futures Contracts.

Rule 11.09. Arbitration of Disputes

(a) Any delivery dispute arising between Members under a Sugar No. 11 Futures Contract traded on the Exchange shall be settled by arbitration in accordance with the provisions of this Rule.

([a]b) Expedited Arbitration – For the purposes of this Rule, the term “Expedited Arbitration” shall mean a dispute arising out of circumstances occurring at or near the time for delivery, where a rapid determination as to whether and on what terms a Deliverer and Receiver must make and/or take delivery is necessary in order to minimize disruptions in the delivery process. Expedited Arbitrations shall be conducted as follows:

(i) ~~[Any dispute arising between Members claiming that a Member has failed to meet his obligations as Deliverer or Receiver under a Sugar No. 11 Futures Contract traded on this Exchange shall be settled by arbitration in accordance with the provisions of this Rule; provided that, if t]The Claimant [does not] shall~~ shall notify the Exchange of ~~[such failure]~~ its request for an Expedited Arbitration within three (3) Business Days of the date on which such Member becomes aware of ~~[such failure,]~~ the facts constituting the dispute (hereinafter referred to as the “Notice”). ~~[s]Said Member shall be deemed to have waived his rights under paragraph (b) of this Rule, without prejudice to any other rights or remedies at law or under any other provisions of the Rules, if Claimant does not so notify the Exchange.~~

(ii) Each ~~[n]Notice~~ Notice filed pursuant to subparagraph (i) hereof shall be accompanied by a non-refundable check payable to the Exchange in the amount of three hundred seventy-five dollars (\$375).

~~[(b)iii] Upon receipt by the Exchange of the [n]Notice [of a Member's failure to meet his obligations], the Exchange shall forward one (1) copy of said [n]Notice to all interested parties.~~

EXHIBIT A

(~~[e]~~iv) A Special Arbitration Committee of three (3) disinterested members of the Sugar Delivery Committee [~~on Sugar Deliveries~~] shall be appointed by the Chairman of the Board within one (1) Business Day, or as soon thereafter as possible, of the Exchange's receipt of [~~a n~~]the Notice [~~that a Member has failed to meet his obligations~~]. The Special Arbitration Committee shall establish the date, time and place for a hearing. Each Special Arbitration Committee shall determine the procedures to be followed in any hearing before it, except that the following shall apply in every case:

(~~[i]~~A) each of the parties shall be entitled to appear personally at the hearings;

(~~[ii]~~B) each of the parties, at his own expense, shall have the right to be represented by counsel in any aspect of the proceeding;

(~~[iii]~~C) each of the parties shall be entitled to (1) prepare and present all relevant facts in support of the Claims and grievances, defenses or counterclaims which arise out of the Transaction or occurrence that is the subject matter of the Claim or grievance and does not require for its arbitration the presence of third (3rd) parties of whom the Exchange cannot acquire jurisdiction and to present rebuttal evidence to such Claims or grievances, defenses or counterclaims made by the other parties, (2) examine the other parties, (3) examine any witnesses appearing at the hearing, and (4) examine all relevant documents presented in connection with the Claim or grievance, or any defense or counterclaim applicable thereto;

(~~[iv]~~D) the formal rules of evidence shall not apply;

(~~[v]~~E) no verbatim record shall be made of the proceedings, unless requested by a party who shall bear the cost of such record. If such a request is made, a stenographic transcript shall be taken, but not transcribed unless requested by a party who shall bear the cost of such transcription.

(~~[vi]~~F) *Ex parte* contacts by any of the parties with members of the Special Arbitration Committee shall not be permitted.

(~~[vii]~~G) The Special Arbitration Committee shall have the power, on the request of any party or on its own motion, to require any Person to testify and/or produce documentary evidence in the proceedings as and to the extent provided for in Rule 21.04.

(~~[d]~~v) To compensate the aggrieved party for the necessary adjustments in his position, the party adjudged in default shall be required to pay to the aggrieved party no less than ten percent (10%) of the settlement price determined by the Special Arbitration Committee, or 35/100 of one cent per pound, whichever shall be greater, to the aggrieved party in addition to the settlements outlined below.

(~~[e]~~vi) In the case where a [~~seller~~] Deliverer is determined to be in default by the Special Arbitration Committee then:

(~~[i]~~A) where the settlement price (to be the price for Raw Sugar at the place of default, which represents the value of such sugar on the day for which the price is determined) determined by the Special Arbitration Committee is higher than the price stated on the Multiple Delivery Notice, the [~~seller~~] Deliverer shall be required to pay to the [~~buyer~~] Receiver named on the Multiple Delivery Notice, the difference between the settlement price determined by the Special Arbitration Committee and the price stated on the Multiple Delivery Notice;

(~~[ii]~~B) where the settlement price determined by the Special Arbitration Committee is lower than the price stated on the Multiple Delivery Notice, the [~~buyer~~] Receiver who received such Multiple Delivery Notice shall be required to pay to the [~~seller~~] Deliverer the difference between the settlement price determined by the Special Arbitration Committee and the price stated on the Multiple Delivery Notice.

(~~[f]~~vii) In the case where a [~~buyer~~] Receiver is determined to be in default by the Special Arbitration Committee then:

(~~[i]~~A) where the settlement price determined by the Special Arbitration Committee is higher than the price stated on the Multiple Delivery Notice received by such [~~buyer~~] Receiver, the [~~seller~~] Deliverer named on the Multiple Delivery Notice shall be required to pay to the [~~buyer~~] Receiver the difference between the settlement price as determined by the Special Arbitration Committee and the price stated on the Multiple Delivery Notice;

(~~[i]~~B) where the settlement price determined by the Special Arbitration Committee is lower than the price stated in the Multiple Delivery Notice received by such [~~buyer~~] Receiver, the [~~buyer~~] Receiver shall be required to pay to the [~~seller~~] Deliverer named on the Multiple Delivery Notice the difference between the settlement price determined by the Special Arbitration Committee and the price stated on the Multiple Delivery Notice.

(~~[g]~~viii) The Special Arbitration Committee shall render its award in writing adjudging which, if any, party is in default, declaring the settlement price, awarding the amount of money, if any, to be paid by the party in default, and granting any further remedy or relief which it deems just and equitable, which may include the award of money in the amount which exceeds the amounts to be paid pursuant to paragraphs (~~[d]~~v), (~~[e]~~vi) and (~~[f]~~vii) of this Rule. The award of the Special Arbitration Committee shall be final and binding upon each of the parties to the arbitration, and judgment upon such award may be entered by any court having jurisdiction. In addition, any award, if not complied with within the time specified in the award, shall be enforceable by disciplinary proceedings pursuant to the Rules.

(~~[h]~~ix) The payment as prescribed above shall be made without any setoff or deduction whatsoever by the close of business on the second (2nd) Business Day after notification in writing of the Special Arbitration Committee's award. Payment and settlement of any default as determined above shall be effected through the President. Such payment shall be accepted as final payment, provided the net amount of any variation Margins collected by either party in respect of the contracts with respect to which such payment is made from the time the Multiple Delivery Notice for such contracts was issued shall be collected from such party by the Clearing Organization and paid to the other party.

(c) Regular Arbitration – For the purposes of this Rule, the term “Regular Arbitration” shall mean a Sugar No. 11 Futures Contract delivery dispute which does not qualify as an Expedited Arbitration under paragraph (a) of this Rule. Regular Arbitrations shall be conducted in accordance with the Arbitration Rules of Chapter 20, except that:

(i) the dispute may be decided on the papers, supporting documents, affidavits and other materials submitted to the Exchange in accordance with the procedures set forth in Rule 20.03(a)(ix), if all of the parties agree to such procedure, provided that, notwithstanding such agreement, the Chairman of the Arbitration Committee or his designee, in his sole discretion, may require that a hearing be held;

(ii) the arbitration panel shall be comprised of three (3) or more arbitrators, depending on the amount in controversy, and have outside counsel appointed by the Chairman of the Arbitration Committee, provided that the Chairman of the Arbitration Committee or the arbitration panel appointed to hear and determine the matter may decide that outside counsel is not necessary; and

(iii) the decision of the arbitration panel shall be contained in writing and shall reflect the panel's reasoning.