03-5
(9)

CHICAGO MERCANTILE EXCHANGE INC.

RECEIVED
C.F.T.C.

2003 APR 24 AM 11: 59

OFC. OF THE SECRETARIAT

RECEIVED
C.F.T.C.

2003 APR 25 AM 9: 08

RECORDS SECTION

James J. McNulty
President and Chief Executive Officer
312 / 930-3100
Fax: 312 / 648-3625
jmcnulty@cme.com

COMMENT

April 23, 2003

Jean A. Webb
Secretary to the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: **Proposed Amendments to CFTC Rule 1.35(a-1) (Account Identification for Eligible Bunched Orders)**

Dear Ms. Webb:

The Chicago Mercantile Exchange Inc. ("CME" or "Exchange") welcomes the opportunity to comment upon the Commodity Futures Trading Commission's (the "Commission") proposed amendments to Rule 1.35(a-1) (the "Rule"). As discussed in the context below, the Exchange supports the Commission's efforts to increase the efficiency of the bunched order trading process while maintaining appropriate customer protections.

The Exchange understands that the proposed amendments will modify the Rule in six important ways. Specifically, the proposed amendments will: 1) permit the bunching of orders placed on behalf of all customers, rather than limiting bunched orders to "qualified eligible participants;" 2) expand the class of eligible account managers from registered commodity trading advisors ("CTAs") and investment advisors ("IAs") to include non-registered CTAs and IAs, as well as certain foreign advisors; 3) replace the current mandatory disclosure requirement with an information availability requirement; 4) obviate the requirement that, prior to placing a bunched order, an account manager must provide the futures commission merchant ("FCM") with a written certification that the account manager is aware of the requirements of the Rule; 5) modify the manner in which allocation methodology is deemed fair and equitable; and 6) revise the recordkeeping requirements to clarify the division of responsibilities between account managers and FCMs.

In supporting the proposed amendments to the Rule, CME believes that they will help to reduce the practical burdens and costs associated with bunched orders under the current rule. At the same time, CME believes that the proposed amendments will encourage money managers to use the futures markets more effectively for the benefit of their customers by permitting a practice that is routinely relied upon in the securities industry. Indeed, the proposed amendments help to align the rules that govern the allocation of bunched orders in the futures markets with those of the securities markets, thus demonstrating the Commission's responsiveness to the needs of the marketplace.

Thank you for the opportunity to comment upon the proposed amendments to the Rule. If you have any questions or comments, please do not hesitate to contact me, Eric Wolff, Managing Director of Regulatory Affairs, at (312) 930-3255, or Matthew Kluchenek, Director and Associate General Counsel, at (312) 338-2861.

Respectfully submitted,

James J. McNulty

James J. McNulty

MFK/0100