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Ms. Jean A. Webb
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

COMMENT

Re: February 15, 2006 Hearing on Self-Regulation and Self-Regulatory Organizations in the U.S. Futures Industry – Statement for the Record

The Board of Trade of the City of Chicago, Inc. respectfully submits this statement for the record in connection with the Commission's hearing on self-regulation and self-regulatory organizations in the U.S. futures industry.

Self-regulation has been a cornerstone of the regulatory structure for the U.S. futures markets for many years. At the Chicago Board of Trade, we pride ourselves on the regulatory standards we have established over the years, which are not only rigorous, but also fair and balanced. As the exchange and industry evolve, we continue to develop these standards to uphold the integrity and soundness of our business and marketplace.

Under the oversight of the Commission, Designated Contract Markets, like the CBOT, have long demonstrated their ability to effectively regulate their own members through the establishment and enforcement of rules and regulations that are designed to ensure market integrity and protect customers. This has been accomplished through various forms of exchange ownership, governance models and regulatory structures. We understand, and agree with the Commission, that methods and processes of futures industry self-regulation should periodically be examined to ensure that they remain effective as business and governance models progress. That said, the CBOT continues to believe in the value and strength the current system of self-regulation affords the U.S. futures markets, and that the SRO system, combined with Commission oversight, is the most appropriate model of regulation for our often complex and ever-evolving industry.

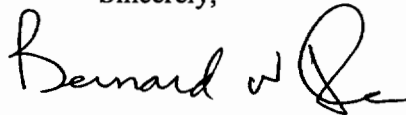
Although some have suggested that the current trend toward for-profit, publicly-owned exchanges, or changes in the competitive environment, may lead to a decrease in the effectiveness of self-regulation, there has been no evidence to support that to be the case. In fact, as more exchanges have entered the business, there is a real competitive incentive for all exchanges to attempt to distinguish themselves on the basis of their integrity, the efficiency of their markets, and their fairness to customers. It would be contrary to any exchange's own business interests, and if it is demutualized, the interests of its shareholders, to allow its integrity to be compromised by conflicts of interest in its decision-making. Indeed, a publicly traded futures exchange has both an enhanced responsibility and a strong business motivation to ensure that its markets are regulated effectively in a manner that minimizes conflicts of interest and increases transparency.

There exist a number of proven models for self-regulation, including regulatory departments within exchanges, third party regulatory service providers, and others. Each of these models may have advantages and disadvantages within the context of a particular marketplace, considering, among other things: the size of the market, the nature of its products, the method of trading, the

size and expertise of the exchange's own current or prospective staff, and the relative costs. Each exchange is ultimately in the best position to determine which model is most appropriate for its own market, under Commission oversight.

The Commission has indicated that as it concludes its SRO Study, it will carefully consider the need for additional guidance with respect to the insulation of self-regulation from conflicts of interest and improper influence. The CBOT appreciates the Commission's expressed commitment to industry self-regulation and flexible core principles under Commission oversight, which we believe continues to be the most efficient and effective regulatory structure. To the extent the Commission believes additional guidance is necessary to assist exchanges in complying with those core principles, the Exchange strongly believes that any such guidance should be non-prescriptive so that exchanges may continue to develop self-regulatory programs that best fit the unique circumstances of their markets.

Sincerely,

A handwritten signature in black ink, appearing to read "Bernard W. Dan". The signature is written in a cursive style with a large, stylized initial "B".

Bernard W. Dan