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CFTC

October 31, 2003

Ms. Jean A. Webb  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21<sup>st</sup> St., N.W.  
Washington, D.C. 20581

Reference File SR-PBOT-2003-13  
Rule Certification

Dear Ms. Webb:

Pursuant to Commission Rule 40.6, the Philadelphia Board of Trade ("PBOT" or "Exchange") hereby submits the following:

- **New PBOT Rule 262, *Segregation and Secured Requirements*.**

New PBOT Rule 262 requires all clearing members to comply with the requirements set forth in CFTC Regulations 1.20 through 1.30, 1.32, and 30.7. The text of new PBOT Rule 262 is attached.

Section 5(d) of the Commodity Exchange Act (the "Act") requires futures exchanges to comply with 18 "core principles" in order to maintain a designation as a contract market. Core Principle 11 of section 5(d) of the Act requires a board of trade to establish and enforce rules providing for the financial integrity of any contracts traded on the contract market (including the clearance and settlement of the transactions with a derivatives clearing organization), and rules to ensure the financial integrity of any futures commission merchants and introducing brokers and the protection of customer funds. Proposed new Rule 262 is intended to facilitate compliance with Core Principle 11.

The PBOT intends to implement this rule no sooner than one business day following the Commission's receipt of this filing.

There were no opposing views among the Executive Committee of the PBOT's Board of Directors concerning this rule amendment.

The PBOT certifies that this rule amendment complies with the Commodity Exchange

Act and the rules thereunder.

Sincerely,

William N. Briggs  
President

cc w/att: Marvin Jackson  
New York Regional Office

## ***Rule 262, Segregation and Secured Requirements***

### *Rule 262*

*A. All clearing members must comply with the requirements set forth in CFTC Regulations 1.20 through 1.30, 1.32, and 30.7. This includes, but is not limited to, the following:*

- 1. Maintaining sufficient funds in segregation or set aside in separate accounts;*
- 2. Computing, recording and reporting completely and accurately the balances in the:
  - a. Statement of Segregation Requirements and Funds in Segregation; and*
  - b. Statement of Secured Amounts and Funds Held in Separate Accounts;**
- 3. Obtaining satisfactory segregation and separate account acknowledgment letters and identifying segregated and separate accounts as such; and*
- 4. Preparing complete and materially accurate daily segregation and secured amount computations in a timely manner.*

*B. Exchange staff may prescribe additional segregation and secured amount requirements.*

*C. All clearing members must provide written notice to the Examinations Department of a failure to maintain sufficient funds in segregation or set aside in separate accounts. The Examinations Department must receive immediate written notification when a clearing member knows or should know of such failure.*