



**BY ELECTRONIC TRANSMISSION**

06-28  
November 9, 2006

Ms. Eileen A. Donovan  
Acting Secretary of the Commission  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

Re: **Amendments to Rules 4.09, 21.02 and 21.25 –  
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, the Board of Trade of the City of New York, Inc. ("Exchange") submits, by written certification, amendments to Rules 4.09, 21.02 and 21.25, attached as Exhibit A.

**Rule 4.09**

The amendments to Rule 4.09 (i) permit spreads to be executed during the post close trading session at prices within the daily range; and (ii) eliminate the mandatory post close trading session for Sugar No. 14, Pulp and Ethanol and replace it with an optional session upon request by a floor member.

**(i) Pricing of Spreads**

Currently, the pricing of a spread executed during the post close trading session is limited to the price range the spread traded at during the closing period. Spreads that do not trade during the closing period may not trade during the post close trading session. The amendments to Rule 4.09 will allow all spreads to trade during the post close trading session, regardless of whether or not they traded during the close, at a price that is limited to the daily range.

**(ii) Optional Session for Sugar No. 14, Pulp and Ethanol**

In its present form, Rule 4.09 provides for a mandatory post close trading session for Sugar No. 14, Pulp and Ethanol Futures and Options Contracts. The amendments eliminate the mandatory post close trading session for such Contracts and make the session optional upon

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request by a floor member. Such session would occur no later than fifteen (15) minutes after the close.

Rules 21.02 and 21.25

The amendments to Rules 21.02 and 21.25 concern the issuance of summary fines to floor members for failure to report sales on the close.

Pursuant to Rule 21.25(b)(i)(B), the Floor Committee has the authority to issue summary fines to members who fail to report their sales on the close. However, the majority of violations for such failures are discovered by the Compliance Department and brought to the attention of the Chairman of the Executive Floor Committee, who then issues the summary fine. The amendment to Rule 21.02 gives the Compliance Department the authority to issue such summary fines directly, as long as the Floor Committee has not taken any action, and eliminates the need to report them to the Floor Committee. Amendments to Rule 21.25(b)(i)(B) lower the mandatory minimum fine issued by the Floor Committee for such violations from two hundred fifty dollars (\$250) to one hundred dollars (\$100).

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 Governors on November 8, 2006. The amendments will become effective on November 13, 2006. No substantive opposing views were expressed by members or others with respect to all of the amendments except for the amendment to Rule 4.09(c)(iii)(B). Objections were expressed by some floor members because the amendment permits spreads to be traded at prices from the beginning of the trading day which may be substantially off the market during the post close trading session.

If you have any questions or need further information, please contact me at 212-748-4021.

Sincerely,

Jason V. Fusco  
Compliance Counsel

cc: Riva Adriance  
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 4.09. Post Close Trading Session**

The Exchange will conduct a post close trading session for each Exchange Futures Contract and for each Exchange Options Contract if the particular Strike Price traded during the day as follows:

(a) Commencement

\* \* \*

(ii) Coffee "C", [~~Ethanol, Pulp,~~] and Sugar No. 11 [~~and Sugar No. 14~~] - The post close trading session will begin fifteen (15) minutes following the close or closing period for each such futures and Options contract.

\* \* \*

(iv) Sugar 14, Ethanol and Pulp – Upon request by a Floor Member, there shall be a post close trading session which will begin within a reasonable time but not later than fifteen (15) minutes following the close or closing period for each such futures and Options contract.

\* \* \*

(c) Price

\* \* \*

(iii) Spreads – The Trade price of all Exchange Spread Transactions executed during the post close trading session shall be limited [~~as follows:~~

~~(A) if a spread trades during the closing period, the spread price is limited to the range of the closing period;~~

~~(B) if a spread does not trade during the closing period, the spread may not trade during the post close trading session] to the daily range.~~

\* \* \*

[REMAINDER OF RULE UNCHANGED]

**Rule 21.02. Compliance Staff — Powers and Duties**

\* \* \*

(e) Notwithstanding the provisions of paragraph (d) of this Rule, if in any case, the Vice President concludes that a violation of any trading card or order ticket record keeping rule, or a violation of Rule 4.25(b) for which the Floor Committee has not taken any action in accordance with Rule 21.25(b)(i)(A)(21) may have occurred, the Vice President may impose a summary fine of no more than one thousand dollars (\$1,000) after one (1) warning letter has been issued to the Member for the same violation. The authority to impose such a summary fine does not limit the Vice President's authority to refer the matter to the BCC instead of imposing a summary fine. A summary fine imposed in accordance with this paragraph shall become final and effective and payment shall become due and owing to the Exchange fifteen (15) calendar days after the Member receives the fine.

[REMAINDER OF RULE UNCHANGED]

**EXHIBIT A**

**Rule 21.25. Floor Committee Summary Action**

\* \* \*

*(b) Conduct Subject to Summary Action*

It shall be a violation of the Rules regarding decorum, attire, or timely submission of accurate records for a Member to engage in the following practices:

**(i) Decorum:**

The conduct enumerated below, if committed on the Trading Floor, on premises occupied by the Exchange, or in the building in which such premises are located is deemed a breach of decorum and is prohibited. In addition, the conduct specified in paragraph (A)(15) hereof, if committed in the area immediately surrounding any building in which the Exchange occupies premises is deemed a breach of decorum and is prohibited if such conduct relates to, or impacts upon, the business of the Exchange.

*A. Conduct:*

\* \* \*

21. Failure to report sales on the close

*B. Trading Practices:*

\* \* \*

~~[14. failure to report sales on the close.]~~

[REMAINDER OF RULE UNCHANGED]