



CME Group

A CME/Chicago Board of Trade/NYMEX Company

C.F.T.C.
OFFICE OF THE SECRETARIAT
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June 23, 2009

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

**RE: CME/CBOT/NYMEX Rules 901 ("General Requirements and Obligations") and 903 ("Responsibility for Qualified Members")
CME/CBOT/NYMEX Submission No. 09.121**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME"), The Board of Trade of the City of Chicago, Inc. ("CBOT") and The New York Mercantile Exchange, Inc. ("NYMEX") (collectively, "the Exchanges") hereby notify the Commodity Futures Trading Commission that they will adopt amendments to each Exchange's Rule 901 ("General Requirements and Obligations") and Rule 903 ("Responsibility for Qualified Members") effective June 25, 2009. The amendments clarify that a qualifying clearing firm's responsibility for the members qualified by the firm is limited to certain financial obligations and specify those obligations the firm agrees to guarantee by virtue of its qualification. Qualifying clearing firms financially guarantee all trades and orders executed or accepted for execution by members they qualify.

The amendments also clarify that a qualifying clearing member is responsible for unpaid arbitration awards provided that the dispute is related to trades or orders executed or accepted for execution by the qualified member, unpaid restitution orders issued by exchange disciplinary panels and unpaid disciplinary fines if the qualified member is an employee of the qualifying firm and provided that the sanctioning disciplinary panel specifically determines the qualifying firm shall be responsible for the payment of the fine if not paid by the qualified member.

The failure by a member to pay an arbitration award or a restitution order is a violation of exchange rules, and disciplinary action may be taken against the member if he fails to make the ordered payment. Additionally, if the member owns a membership, the seat may be sold to satisfy the debt. Should these tools prove inadequate to obtain satisfaction of the ordered payment, the amended rules clarify that the qualifying firm is responsible to fulfill such obligations with respect to the members it qualifies.

With respect to unpaid restitution orders and disciplinary fines, the proposed revisions are complementary to the language in current Rule 444 ("Sanctions and Restitution Orders"). Rule 444 states that members and member firms may be liable, subject to a determination by the sanctioning entity, for unpaid fines or unpaid restitution orders imposed upon their employees. Therefore, in circumstances where the sanctioning entity determines that the employing member or member firm is responsible for fulfilling an unpaid restitution order, the financial

liability of the qualifying clearing firm would be invoked only if the employer failed to make the required payment. Failure to make the required payment would constitute a violation of Rule 444 and the employing member or member firm would be subject to disciplinary action.

The amendments appear below, with additions underscored and deletions overstruck.

The Exchanges certify that the rule changes comply with the Commodity Exchange Act and regulations thereunder.

If you have any questions regarding these changes, please contact Robert Sniagowski, Associate Director, Market Regulation, at 312.341.5991 or me at 312.648.5422. Please reference CME/CBOT/NYMEX Submission No. 09.121 in any related correspondence.

Sincerely,

/s/ Stephen M. Szarmack
Director and Associate General Counsel

901. GENERAL REQUIREMENTS AND OBLIGATIONS

Membership in the Clearing House is a privilege and license granted by the Board and may be withdrawn by the Board for cause at any time. Clearing House staff may grant exemptions to the General Requirements and Obligations set forth below for Clearing Members if it is determined that such an exemption will not jeopardize the financial integrity of the Clearing House. Subject to such exemptions, each applicant for qualification as a clearing member must satisfy the following requirements:

[Sections A. – H. are unchanged.]

- I. It shall agree to guarantee and assume complete responsibility for the financial obligations attendant to: 1) all trades and orders executed or accepted for execution directed to be executed by floor brokers and traders a member it qualifies, including trades and orders executed, or which such member fails to execute, negligently, fraudulently or in violation of Exchange rules; and 2) all orders that floor brokers it qualifies execute or fail to execute either negligently, fraudulently or in violation of Exchange rules an unpaid arbitration award issued by a panel of the Arbitration Committee against a member it qualifies in circumstances where the dispute is related to a matter described in number 1) above; 3) an unpaid restitution order issued against a member it qualifies by a panel of the Business Conduct Committee, the Clearing House Risk Committee or a hearing panel of the Board of Directors; and 4) unpaid Exchange disciplinary fines imposed upon a member it qualifies if the member is also an employee of the clearing member or its affiliate, subject to a determination by the sanctioning entity.

[The remainder of the rule is unchanged.]

903. RESPONSIBILITY FOR QUALIFIED MEMBERS

- A. A clearing member that qualifies a ~~member floor broker or trader~~ thereby guarantees and assumes complete responsibility for the financial obligations attendant to: 1) all trades and orders executed or accepted for execution directed to be executed by such member floor broker or trader, including trades or orders executed, or which such member fails to execute, negligently, fraudulently or in violation of Exchange rules; and 2) all orders that such floor broker executes or fails to execute either negligently, fraudulently or in violation of Exchange rules an unpaid arbitration award issued by a panel of the Arbitration Committee against such member in circumstances where the dispute is related to a matter described in number 1) above; 3) an unpaid restitution order issued against such member by a panel of the Business Conduct Committee, the Clearing House Risk Committee or a hearing panel of the Board of Directors; and 4) unpaid Exchange disciplinary fines imposed upon such member if the member is also an employee of the clearing member or its affiliate, subject to a determination by the sanctioning entity.

[The remainder of the rule is unchanged.]