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June 25, 2008

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

RE: Revisions to CBOT Rule 110 and CME/CBOT Rules 409, 503, 530, 548,
559, 853, 854
CME Group Special Executive Report S-4722
CME & CBOT Market Regulation Advisory Notice RA0813-3
CME & CBOT Submission No. 08-105

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME") and the Board of Trade of the City of Chicago, Inc. ("CBOT") (collectively, "the Exchanges") hereby notify the Commission that the Exchanges have adopted a group of changes to various rules and the Access, Conduct and Appearance Code located in the Interpretations & Special Notices section of Chapter 5. Specific information concerning the rule changes is set forth in CME Group Special Executive Report S-4722 and CME & CBOT Market Regulation Advisory Notice RA0813-3, which will be issued on June 27, 2008, and which are included as attachments to this Submission.

The Exchanges certify that the rule changes and the Advisory Notice comply with the Act and regulations thereunder.

If you have any questions regarding this matter, please contact Robert A. Sniegowski, Associate Director, Market Regulation Department, at 312.341.5991 or me at 312.648.5422. Please reference CME & CBOT Submission #08-105 in any related correspondence.

Sincerely,

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

**CME AND CBOT ADOPT REVISIONS TO VARIOUS RULES AND THE ACCESS,
CONDUCT AND APPEARANCE CODE, EFFECTIVE IMMEDIATELY**

CME and CBOT have adopted a group of changes to various rules and the Access, Conduct and Appearance Code located in the Interpretations & Special Notices section of Chapter 5. Additional information concerning the changes appears below, followed by the text of the rule amendments with additions underscored and deletions overstruck. The changes are effective immediately.

CBOT Rule 110 ("Claims Against Membership, Application of Proceeds")

In connection with the adoption of the first phase of harmonized CBOT and CME rules on November 29, 2007, CBOT included language in Rule 110 indicating that seat sale proceeds would be applied to claims in the order of priority set forth in former CBOT Rule 252.00 for debts incurred prior to November 29, 2007, provided that the claims were filed by February 29, 2008. Given that no claims remain outstanding, this language has been eliminated.

110. CLAIMS AGAINST MEMBERSHIP, APPLICATION OF PROCEEDS

For the purposes of this rule: "sale" shall include a sale made pursuant to Rule 104 or a transfer made in accordance with the provisions of Rule 106; "seller" shall include firms that have membership privileges pursuant to Rules 106. F., G., H., I., J., R. or S.; and "claim" shall be limited to claims involving incidents that occurred prior to the sale of the membership and which arose in connection with transactions on the Exchange or membership in the Exchange. Claims resulting from conduct subsequent to the sale of a membership may not be asserted against that membership or its proceeds. All claims against the seller's membership or its proceeds shall be submitted in writing to the Department within 20 days of the posting of notice of the sale of said membership. At the conclusion of the 20-day claim filing period, the Market Regulation Department and the Department shall conduct an investigation of all claims properly filed against the seller's membership or its proceeds. This investigation shall be completed within 20 days unless the investigation cannot be resolved within that period.

The total proceeds of the sale, or in the case of a transfer, the value at the mid-point of the bid-offer spread as of the date of the transfer, of the membership shall be applied to the following purposes and in the following order of priority:

[Sections a. – e. are unchanged.]

~~Provided, however, that the total proceeds of the sale, or in the case of a transfer, the value at the mid-point of the bid-offer spread as of the date of the transfer, of the membership shall be applied to the purposes and in the order of priority set forth in former CBOT Rule 252.00 for debts incurred prior to November 29, 2007, but only if such claims have been filed by February 29, 2008. Such claims may be filed in advance of the sale of a membership. All other provisions of this rule shall apply to such claims.~~

[The remainder of the rule is unchanged.]

CME and CBOT Rule 409 ("Summary Proceedings Before the Floor Conduct Committee")

Current CME and CBOT Rule 409.C. provide for a nonmember employee respondent in a summary proceeding before the Floor Conduct Committee to be represented by a single representative of his employer; however the rule prohibits the representative from being an attorney. The revision eliminating the prohibition on the representative being an attorney is based on longstanding custom and practice at CME whereby nonmember employees of member firms are routinely accompanied by a firm representative who may be an attorney for the firm, but who does not act in the capacity of the nonmember employee's legal counsel at the proceeding.

409. SUMMARY PROCEEDINGS BEFORE THE FLOOR CONDUCT COMMITTEE

[Sections A. and B. are unchanged.]

409.C. Conduct of Summary Proceedings

A summary proceeding before the Floor Conduct Committee shall be conducted in a fair and impartial manner.

A summary proceeding before the Floor Conduct Committee shall take place as soon as practicable after the issuance of charges. The proceeding will not be recorded. The respondent shall be entitled to appear personally and answer the charges issued. Respondents and witnesses may not be represented by counsel at a summary proceeding. However, An employee without membership privileges who is a respondent may be represented by a single representative of his employer, ~~who may not be an attorney~~. A panel shall decide by a majority vote whether the individual is guilty of the violation or offense charged. If the accused individual is found guilty, a panel may impose fines in accordance with Exchange rules. A witness who fails to appear at a summary proceeding after being directed to do so by the Chairman of the panel or by staff may be charged with a violation of Rule 432.

[The remainder of the rule is unchanged.]

CME and CBOT Rule 503 ("Retired Members")

The exchanges have eliminated the prohibition on a retired member who leases his membership to another person from placing orders for his own account while on the trading floor. Such orders must be placed in accordance with customer order entry requirements which require the order to be in the form of a written or electronic record and include appropriate timestamps.

503. RETIRED MEMBERS

Any member who has been a member for at least 25 years who sells or leases his membership may apply for a retired member badge which will entitle the retired member to access the trading floor. A retired member who leases his membership to another person may place orders for his own account from on the trading floor pursuant to the customer order entry requirements set forth in Rule 536.A.1. A Retired members who sells his membership isare prohibited from trading ~~or~~ placing orders for any account while on the trading floor. Retired members are prohibited from ~~or~~ accessing the trading pits during trading hours.

CME and CBOT Rule 530 ("Priority of Customers' Orders")

During the rule harmonization process, CBOT and CME harmonized the respective exchange rules related to trading ahead of customer orders. The revision clarifies that with respect to open outcry trading a member is prohibited from trading for an account he owns or controls on the same side of the market while in possession of an executable customer order in the same product. The rule further clarifies that all contract months in a given futures product and all options on the futures product are considered the same product for the purposes of this rule.

The reference to the relative priority of discretionary orders versus other orders in the second paragraph was deleted and has been moved to Rule 548 ("Priority of Execution").

530. PRIORITY OF CUSTOMERS' ORDERS

A member shall not ~~buy (sell) a futures contract, buy (sell) a call option or sell (buy) a put option trade~~ for his own account, an account in which he has a direct or indirect financial interest, or an account over which he has discretionary trading authority when he is in possession of an executable order for another person to buy (sell) a futures contract, buy (sell) a call option or sell (buy) a put option in the same product, regardless of the venue of execution. All contract months in a given futures product and all options on the futures product, in addition to any corresponding mini-sized futures or options contracts on a given product, shall be considered the same product for the purposes of this rule.

~~A member shall not execute a discretionary order, including, without limitation, an order allowing the member discretion as to time and price, when he is in possession of an executable customer order.~~

~~The foregoing shall not apply to DRT orders provided that A member may trade for his own account without violating this rule while holding a DRT order provided the customer has previously consented in writing and evidence of such general consent is indicated on the order with the "WP" (with permission) designation. In the case of a floor broker holding a discretionary order for an account described in Rule 547, at the "WP" designation on ~~such~~the order shall constitute sufficient evidence of prior consent.~~

No person shall enter an order into the Globex platform for his own account, an account in which he has a direct or indirect financial interest or an account over which he has discretionary trading authority, including, without limitation, an order allowing discretion as to time and price, when such person is in possession of any order for another person that the Globex platform is capable of accepting.

CME and CBOT Rule 548 ("Priority of Execution")

The revision adopts language which was formerly contained in Rule 530.

548. PRIORITY OF EXECUTION

In pit trading, non-discretionary customer orders shall be executed in accordance with their price and time priority. A member shall not execute a discretionary order, including, without limitation, an order allowing the member discretion as to time and price, while in possession of an executable customer order. No person shall allocate executions in any manner other than an equitable manner.

Non-discretionary customer orders received by a Globex terminal operator shall be entered into Globex in the sequence received. Non-discretionary orders that cannot be immediately entered into Globex must be entered when the orders become executable in the sequence in which the orders were received.

CME and CBOT Rule 559 ("Position Limits and Exemptions")

During the rule harmonization process, CBOT adopted legacy CME rule language in Rule 559.F. related to the timing of the submission of hedge exemptions. Prior to the adoption of the current rule, CBOT rules allowed participants ten business days to file a hedge application after exceeding speculative position limits. Conversely, the legacy CME rule required, with certain product exceptions, that a hedge application be filed and approved prior to a person exceeding speculative position limits.

As it is not uncommon for a commercial entity to enter into cash market sales and establish a hedge position that requires a hedge exemption or an increase to an existing hedge exemption, this provision has been modified to allow an appropriate period of time for submission of the relevant hedge application.

559.F. Application to Exceed Hedge, Risk Management, Arbitrage or Spread Position Limits

~~Positions in excess of position limits may not be initiated without approval by the Market Regulation Department as described below.~~

Except as provided below, a person intending to exceed position limits or limits established pursuant to a previously approved exemption must file the required application and receive approval by the Market Regulation Department prior to exceeding such limits.

~~A person who establishes an exemption-eligible position in excess of intending to exceed position limits for stock index futures and options contracts may request verbal approval prior to exceeding such limits and, if the request is approved, file the required application promptly, and in no event more than three business days after the request has been approved.~~

~~A person intending to exceed position limits for other non-agricultural contracts may file the required application after exceeding such limits. A person who has not previously received approval to exceed position limits must file the application within five business days. A person exceeding a previously approved exemption limit must file the application within ten business days. The Market Regulation Department shall have the authority to require the submission of the application within a shorter period of time.~~

[The remainder of the section is unchanged.]

CME and CBOT Access, Conduct and Appearance Code

The Code is being amended to adopt a provision prohibiting anyone under the age of 13 from being admitted to the trading floors during trading hours.

ACCESS, CONDUCT AND APPEARANCE CODE

[The introduction is unchanged.]

I. Access

[Subsections A. – D. are unchanged.]

E. No one under the age of 13 will be admitted to the trading floor during trading hours.

[The remainder of the Code is unchanged.]

CME and CBOT Rule 853 ("Transfers of Trades")

When Rule 853 was harmonized, language was adopted that allowed for transfer trades at settlement price subject to approval by Market Regulation and provided that the firm's books reflected the original trade prices. Such requests generally occur in connection with a merger, asset purchase or consolidation. In such circumstances, while it is necessary to retain the original trade dates on position transfers to ensure the integrity of the delivery process, it is not necessary to retain the original trade prices on a firm's books and the existing requirement creates unnecessary and onerous daily reconciliations. Accordingly, the provision has been eliminated.

853. TRANSFERS OF TRADES

[Subsections A. – C. are unchanged.]

D. All transactions described above must be transferred using the original trade dates. Futures transactions must be transferred using the original trade prices; options transactions may be transferred using either the original trade prices or a trade price of zero. Upon written request, the Market Regulation Department may, in its sole discretion, permit transfers through the Clearing House at the current trade date and settlement price provided that the firm's books accurately reflect the original trade dates ~~and trade prices.~~

[The remainder of the rule is unchanged.]

CME & CBOT Rule 854 ("Concurrent Long and Short Positions")

Harmonized Rule 854 represented a hybrid of prior CME and CBOT rules which had conflicting requirements, and the compromise rule permitted such offsets via netting, transfer or adjustment provided that the quantity offset was not more than one percent of open interest in the contract and subject to

restrictions in physically delivered contracts on or after the first day on which delivery notices can be tendered.

The approved revisions eliminate the requirement that the offset be less than one percent of open interest in the affected contract, provided that the offset occurs outside the delivery period in physically delivered contracts. More detailed information on the revisions to Rule 854 is set forth in today's release of CME & CBOT Market Regulation Advisory Notice RA0813-3.

854. CONCURRENT LONG AND SHORT POSITIONS

Set forth below are the procedures that must be followed for concurrent long and short positions and hold-open accounts.

[Section A. is unchanged.]

B. During the delivery month and two business days prior to the delivery month, concurrent long and short positions held by the same owner must be offset by transactions executed in the market, by allowable privately negotiated transactions, or fulfilled through the normal delivery process. The only exception to this requirement is that concurrent long and short positions may be offset via netting, transfer, or adjustment provided that the quantity of the offset does not represent more than one percent of the reported open interest in the affected futures contract month or, in the case of options, more than one percent of the open interest in the affected put or call strike. However, on or after the first day on which delivery notices can be tendered in physically delivered contracts, positions may be offset via netting, transfer, or adjustment only to correct a bona fide clerical or operational error provided that and only if the quantity of the offset does not represent more than one percent of the reported open interest in the affected futures contract month and the transaction occurs on the day that the error is identified.

[The remainder of the rule is unchanged.]

Questions concerning the information contained in this Special Executive Report should be directed to Robert Sniegowski, Associate Director, Market Regulation, at 312.341.5991.

MARKET REGULATION ADVISORY NOTICE

Exchange	CME & CBOT
Subject	Concurrent Long and Short Positions
Rule References	Rule 854
Advisory Date	June 27, 2008
Advisory Number	CME & CBOT – RA0813-3

Under Rule 854 ("Concurrent Long and Short Positions") concurrent long and short positions held by the same owner may be offset by transactions executed in the market, by allowable privately negotiated transactions, or fulfilled through the normal delivery process. Additionally, the previous rule provided that such positions could also be offset via netting, transfer or adjustment, but only if the quantity of the offset did not represent more than one percent of the reported open interest in the affected future or option, and, in the case of physically delivered contracts, the offset occurred outside of the delivery period.

Effective immediately, Rule 854 has been modified such that for non-deliverable products and for deliverable products outside the delivery period, concurrent long and short positions may be offset via netting, transfer or adjustment and will no longer be subject to the restriction that the quantity offset be less than one percent of the contract's open interest. However, during the delivery month and two business days prior to the delivery month in physically delivered contracts, concurrent long and short positions may be offset via netting, transfer or adjustment only if the offset is to correct a bona fide clerical or operational error and only if the quantity of the offset does not represent more than one percent of the reported open interest in the contract; such offsets must also be made on the day that the error is identified.

The text of modified Rule 854 is presented below.

854. CONCURRENT LONG AND SHORT POSITIONS

Set forth below are the procedures that must be followed for concurrent long and short positions and hold-open accounts.

- A. Concurrent long and short positions in the same commodity and month may be held by a clearing member at the direction of a customer or on behalf of an omnibus account; however it shall be the duty of the clearing member to ascertain whether such positions are intended for offset or to be held open prior to final transmission of position data to the Clearing House.
- B. During the delivery month and two business days prior to the delivery month, concurrent long and short positions held by the same owner must be offset by transactions executed in the market, by allowable privately negotiated transactions, or fulfilled through the normal delivery process. The only exception to this requirement is that positions may be offset via netting, transfer, or adjustment to correct a bona fide clerical or operational error provided that the quantity of the offset does not represent more than one percent of the reported open interest in the affected futures contract month and the transaction occurs on the day that the error is identified.
- C. Clearing members which, pursuant to this rule, carry concurrent long and short positions, must report to the Exchange both sides as open positions. When either side or both sides are reduced in accordance with Section B. of this rule, the open positions as reported to the Exchange must be reduced accordingly.
- D. The Exchange takes no position regarding the internal bookkeeping procedures of its clearing members which, for the convenience of a customer, may "hold open" a position only on their books. However, the clearing member must accurately report to the Exchange and the Clearing House, as appropriate, large trader positions, long positions eligible for delivery and open interest.

Questions regarding this Advisory Notice may be directed to the following individuals in Market Regulation:

Joe Hawrysz, Associate Director, Agricultural Surveillance, 312.341.7750

Jerry O'Connor, Associate Director, Financial Surveillance, 312.341.7048