NYSE Liffe

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By Electronic Mail

October 13, 2008

Mr. David A. Stawick
Secretary
Commodity Futures Trading Commission
1155 21st Street NW
Washington DC 20581

Re: 2008-100 NYSE Liffe, LLC - Amendment to Rule 407 & Notice 11/2008

Dear Mr. Stawick:

I write in accordance with the provisions of Commodity Futures Trading Commission ("Commission") Rule 40.6 providing for the self-certification of exchange rules. Specifically, this letter advises the Commission that NYSE Liffe, LLC ("NYSE Liffe" or "Exchange") has adopted an amendment to Rule 407, Matching Orders (the "Amendment"), and issued a related Notice to Members No. 11/2008 (the "Notice"). Both the Amendment and the Notice reflect the Exchange's announcement that it will replace the Priority Pro Rata algorithm currently used to match orders on the NYSE Liffe Trading Platform with a first in, first out ("FIFO") algorithm.

I enclose a submission cover sheet in accordance with the instructions in Appendix D to Part 40 of the Commission's rules. CFTC Rule 40.6(a)(3)(i).

A copy of amended NYSE Liffe Rule 407, marked to reflect additions and deletions, is set forth in the Notice on page two, which is also enclosed. CFTC Rule 40.6(a)(3)(ii).

The FIFO matching algorithm will be used commencing with the November 3, 2008 trading session, which begins on Sunday, November 2, 2008, the effective date of the Amendment and Notice. CFTC Rule 40.6(a)(3)(iii).

Exchange staff members have discussed the change in matching algorithm with a wide range of current market users including the top 20 market participants as measured by volume. A clear majority were supportive of the change, except a small number of users,
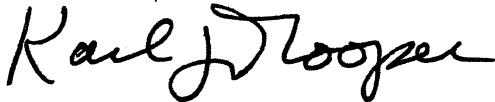
who prefer the Priority Pro Rata algorithm over the FIFO algorithm due to the nature of their trading style. In their view, the Priority Pro Rata algorithm may encourage participation by a greater number of market participants in periods of relatively low market volatility. The Exchange believes that (at least for the metals futures contracts and options on futures contracts currently being traded on the NYSE Liffe Trading Platform) the FIFO algorithm is preferable. In our view, it will encourage greater price improvement behavior by better rewarding market participants that improve existing bids and offers on the platform. CFTC Rule 40.6(a)(3)(iv).

NYSE Liffe hereby confirms that the amendment to Rule 407, Notice 11/2008 and the replacement of the Priority Pro Rata matching algorithm with the FIFO matching algorithm comply with the Commodity Exchange Act and the Regulations thereunder. CFTC Rule 40.6(a)(3)(v).

If you have any questions, please call me at (212) 656-4568.

With best regards,

Karl D. Cooper
Chief Regulatory Officer
Enclosures

NYSE Liffe.

NYSE LIFFE NOTICE No. 11/2008

ISSUE DATE: October 13, 2008
EFFECTIVE DATE: November 3, 2008

NYSE Liffe – Change in Trade Matching Algorithm

Executive Summary

The purpose of this Notice is to advise members about changes to the trade matching algorithm utilized by NYSE Liffe's electronic trading system for 100 oz Gold and 5,000 oz. Silver futures and options as well as Mini-sized 33.2 oz. Gold and 1,000 oz Silver futures contracts (collectively "Metals").

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1.   Introduction

1.1   NYSE Liffe Notice No. 1/2008, issued August 21, 2008, informed Members that the Exchange would employ a Priority Pro Rata algorithm for the matching of Metals orders entered into the NYSE Liffe trading system from the inception of trading on September 7, 2008 (for trade date September 8).

2.   Trade Matching Algorithm

2.1   Following consultation with key market users, the Exchange has decided to replace the use of the Priority Pro Rata trading algorithm with a First In First Out (i.e. FIFO) trade matching algorithm. The FIFO matching algorithm rewards traders who seek to improve upon the best bid/offer by allocating incoming volume to resting orders at the best price by considering their relative time of entry to the market.

2.2   The FIFO trade matching algorithm will be introduced in Metals from the inception of trading on November 2, 2008 (for trade date November 3, 2008).

2.3   All GTC orders entered prior to November 2, 2008 will have their existing timestamps preserved. As such, there is no requirement to re-submit GTC orders into the order book.

2.4   Without limiting the generality of the foregoing, the FIFO algorithm used to match orders entered into the trading platform is based on the following principles:
(i) Priority is given to the highest bid or the lowest offer
(ii) Within a given price level, explicit order with oldest timestamp will be matched first. This is followed by any remaining explicit orders in timestamp sequence.
(iii) This is followed by implied order with oldest timestamp next.
(iv) This is followed by any remaining implied orders in timestamp sequence.

2.5   Detailed examples of the working of the matching algorithm can be found in the NYSE Liffe Guide to Electronic Trading.

2.6   NYSE Liffe's version of LIFFE CONNECT® will be amended to accommodate the new matching algorithm. This upgrade does not require any action from Independent Software Vendors or member developers as there will be no changes to the API associated with this release. However, Members who have developed specific trading tools that take into account features of the current matching algorithm may wish to modify their tools in light of the changes detailed in this Notice.

2.7   NYSE Liffe Rule 407's reference to the Priority Pro Rata algorithm for the matching of orders entered on the NYSE Liffe Trading Platform will accordingly be deleted. A redlined version setting forth this amendment to NYSE Liffe Rule 407 is as follows:

407. Matching of Orders

Except as otherwise provided in these Rules, following the application of the uncrossing algorithm at Market Open, Orders entered into the NYSE Liffe Trading Platform will be matched in accordance with a Priority Pro Rata one or more algorithms, depending on the Contract, the detailed operation of which shall be set out in a notice issued by the Exchange, as amended from time to time. Market on Open Orders may take priority over Limit Orders submitted during the Pre-Open period, by trading with other Market on Open Orders, where such Limit Orders cannot be executed during the opening algorithm.

The Exchange may at any time use a different matching algorithm for a particular Contract by giving notice of such algorithm to all Members at least 10 days before such algorithm is implemented.

NYSE Liffe Rule 407 as amended above is effective for the November 3, 2008 trading session commencing on November 2, 2008.

2.8   For further information in relation to this Notice, Members should contact the following Market Operation departments:

Front-line surveillance	(+1) 866 933 5032	NYLOperations@nyx.com
Administration	(+1) 866 592 2693	NLmarketservices@nyx.com
New York Office	1 212 656 4300	nyseliffe@nyx.com
Chicago Office	1 312 442 7730	nyseliffe@nyx.com