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OFFICE OF THE SECRETARIAT

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October 30, 2009

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

RE: Rule 820. ("Performance Bonds")
CME/CBOT/NYMEX Submission No. 09-262

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME"), Chicago Board of Trade, Inc. ("CBOT") and New York Mercantile Exchange, Inc. ("NYMEX") (collectively, "the Exchanges") hereby notify the Commodity Futures Trading Commission ("Commission") of amendments to NYMEX Rule 820. ("Performance Bonds") in connection with the CME/CBOT/NYMEX Rulebook harmonization. Additionally, changes have been made to CME/CBOT/NYMEX Rule 820. that identifies "London Good Delivery" gold, as defined by the London Bullion Market Association, as acceptable collateral.

The rule changes are attached with additions underscored and deletions lined-out. The rule amendments will be made effective on November 4, 2009. The Exchanges certify that these changes comply with the Commodity Exchange Act and regulations thereunder.

If you have any questions regarding the above, please contact Tim Doar, Managing Director, Clearing House at 312.930.3162 or me at 312.648.4522. Please reference CME/CBOT/NYMEX Submission No. 09-262 in any related correspondence.

Sincerely,

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

NYMEX Rule 820

820. PERFORMANCE BONDS

It shall be incumbent upon each Clearing Member that its trades and trades of its customers be margined up to the time of the acceptance of such trades by the Clearing House.

~~(A) Original Margin~~

~~Original Margin shall be paid on Exchange commodity transactions in such form as determined by the Clearing House. Original margins may be changed at the discretion of the Clearing House.~~

~~(B) Variation Margins~~

~~The President of the Clearing House, at any time during the day, may call for variation margins to meet the variations in the market. Such margins shall be paid to the Exchange within the time limits prescribed by the President of the Clearing House.~~

~~(C) Straddle Margins~~

~~(1) Futures Straddles~~

~~A Clearing Member carrying an account which has both a long and a short futures position with the Clearing House in a particular commodity, in the same or different contracts but in no event for the same delivery month of the same contract, may treat such long and short positions to the extent they are equal in quantity as a futures straddle. Each trade comprising a straddle shall be subject to separate brokerage and clearing charges. Initial margins deposited shall be the higher required for either trade or trades and when so deposited shall be sufficient for both trades but each trade shall be brought to the settling price, daily. When one trade of a straddle transaction is closed out all the remaining trade or trades that comprise the straddle must have the required original margin deposited with the Clearing House.~~

~~(2) Options Straddles~~

~~A Clearing Member carrying an account which has both (1) a short call option and a long call option; (2) a short put option and a long put option; (3) a long put option and a long call option; or (4) a short put option and a short call option, in a particular commodity, but in no event for the same series, may treat such positions to the extent they are equal in quantity as an options straddle. Each trade comprising a straddle shall be subject to separate brokerage and clearing charges. Initial margins deposited shall be the higher required for either trade or trades and when so deposited shall be sufficient for both trades but each trade shall be brought to the settling price, daily. When one trade of a straddle transaction is closed out all the remaining trade or trades that comprise the straddle must have the required original margin deposited with the Clearing House.~~

~~(D) Clearing Members may meet original margin calls by depositing:~~

~~(1) Cash (U.S. Currency);~~

~~(2) Securities issued by the Department of Treasury of the United States of America maturing within ten (10) years from the date of the deposit and guaranteed as to principal and interest by the United States Government; such securities shall be valued at ninety five percent (95%) of the par value; or~~

~~(3) Subject to a maximum limit of 50% of the Clearing Member's total original margin obligations, Irrevocable Letters of Credit payable to the order of the Clearing House including such Letters of Credit that are deposited with the Clearing Member in accordance with Exchange procedures by a customer, in form acceptable to the Clearing House, issued by or confirmed by an original margin depository and having an expiration date of not less than three (3) or more than twenty four (24) months from the date of issuance; provided, however, that such Letter of Credit may not be used to meet original margin obligations during the fifteen calendar days prior to the expiration date thereof (if the fifteenth day prior to the expiration of the Letter of Credit is not a business day, the period during which such Letter of Credit may not be used to meet original margin obligations shall begin on the business day immediately preceding that day); and, provided further, that on the business day preceding the fifteenth calendar day prior to the expiration of the Letter of Credit, the Clearing House shall issue a call for original margin to be deposited in a form and manner acceptable to the Clearing House for positions held open as of the close of business on that day and margined by the Letter of Credit. The Clearing House shall have the unqualified right to call on any Letter of Credit at any time prior to expiration. Upon expiration of a letter of credit that has been posted with the Exchange for the maximum twenty four (24) months, a new letter of credit must be posted as no amendments will be accepted to extend the maturity date; or~~

~~(4) Shares in a money market mutual fund that complies with CFTC Regulation §1.25 and that has been approved by the Clearing House subject to the following conditions:~~

~~(i) for purposes of original margin, such shares will be valued at 98% of market value; (ii) a Clearing Member's participation in any approved fund shall be limited to no more than 5% of that fund; and (iii) no more than 10% of the total assets of an approved money market mutual fund may be used to meet original margin obligations at the Exchange.~~

~~(E) The Clearing House shall have the right, at all times, to prohibit or otherwise limit the use as original margin by any Clearing Member of letters of credit or of securities under this Rule.~~

~~(F) The Clearing House shall retain the original margin deposited with respect to any futures contract against which a delivery notice has been issued until the business day after the delivery date or such date as designated by the Clearing House.~~

~~(G) Customer Accounts with the Exchange~~

~~(1) Except as provided in subsection (2) below, all customer funds deposited with the Exchange shall be held in accordance with the Commodity Exchange Act and Commission Regulation 1.20 in an account identified as Customer Segregated. Customer funds shall be segregated by the Exchange and treated as belonging to the customers of the clearing member. Pursuant to this Rule, clearing members registered as Futures Commission Merchants shall not be required to obtain a segregated acknowledgment letter from the Exchange.~~

~~(2) Customer funds deposited with the Exchange for cleared transactions in over the counter pari-mutuel auctions may be deposited in either a member account or a customer non-regulated account. Neither account shall be treated as a customer segregated account.~~

~~(H) Every obligation of a Clearing Member to the Clearing House, whether arising from its member account or customer segregated account or otherwise shall also be deemed to be an obligation of such Clearing Member to CME in its capacity as agent for the Clearing House and the Exchange.~~

Performance bond requirements will be as determined by Clearing House staff from time to time.

Subject to the terms and conditions as approved by Clearing House staff, the Clearing House will accept as performance bond, cash, equity securities, shares of mutual funds, United States Treasury and agency Securities, Letters of Credit, units in CME's Interest Earning Facility Program, shares in CME's Interest Earning Facility 2 Program, permitted investments allowable under CFTC Regulation 1.25, "readily marketable securities" as defined by Securities and Exchange Commission Rules, as applicable, and "London Good Delivery" gold, as defined by the London Bullion Market Association (as used in this Rule 820, such assets and any proceeds thereof are collectively referred to as "Assets"), all of which must be and remain unencumbered. The Clearing House may include other forms of collateral within the definition of "Assets" upon the approval of the Clearing House Risk Committee and notice to clearing members.

All performance bond collateral, as herein described, shall be placed to the credit of the member paying the same for its customers' trades or its own (so-called "house") trades as designated by the clearing member. The Clearing House shall value performance bond collateral as it deems appropriate. The clearing member shall transfer the performance bond collateral to the Clearing House or to an approved depository for safekeeping in a Clearing House account and the Clearing House shall retain control over such performance bond collateral. Neither the Exchange nor the Clearing House shall have any obligation or responsibility to preserve, protect, collect or realize upon, and under no circumstances shall the Exchange or Clearing House be liable for, any loss or diminution in value or depreciation in the performance bond collateral maintained pursuant to this rule. A clearing member who maintains performance bond collateral for its benefit pursuant to this rule shall hold the Exchange and Clearing House harmless from all liability, losses and damages which may result from or arise with respect to the care and sale of such performance bond collateral. All initial and additional performance bonds shall be retained by the Clearing House in whole or in part, as Clearing House staff may deem necessary, until the trades for which such performance bond collateral has been deposited, have been offset, cash settled, delivered or otherwise closed out as determined by Clearing House staff.

Each clearing member shall reimburse the Clearing House for all fees, expenses, charges and costs assessed by a depository against the Clearing House with respect to all performance bond collateral maintained in its account, and shall make deposits as may be required by the Clearing House by reason of any depreciation in the market value of such performance bond collateral. If a clearing member defaults to the Clearing House with respect to performance bonds, the performance bond collateral maintained in its account pursuant to this rule shall be taken over by the Clearing House and sold without notice and the proceeds of the performance bond collateral deposited for customers' trades shall be applied against the performance bond requirements for the clearing members' customers' accounts, and the proceeds of performance bond collateral deposited for the house trades shall be applied against the requirements for the clearing member's own (so-called "house") account.

CME and CBOT Rule 820

Rule 820. PERFORMANCE BONDS

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