



12/23/08
11:30 AM

Rule Self-Certification

December 23, 2008

Office of the Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st St., N.W.
Washington, D.C. 20581

Re: PBOT Regulatory Alerts
Reference File SR-PBOT-2008-18

Ladies and Gentlemen:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Section 40.6 of the regulations promulgated by the Commodity Futures Trading Commission under the Act, the Philadelphia Board of Trade, Inc. (“PBOT” or “Exchange”) hereby submits the following PBOT Regulatory Alerts to be issued on December 29, 2008:

- (1) Authorized Trader Contact Person for the IDEX XT electronic trading platform and SWAP DROP;
- (2) Days and Hours of Operation;
- (3) IDEX XT Electronic Trading Platform Connectivity;
- (4) IDEX USD Interest Rate Swap Futures Margin;
- (5) SWAPDROP: Access and Procedures.

There were no opposing views among the PBOT’s Board of Directors, members or market participants. PBOT hereby certifies that these PBOT Regulatory Alerts comply with the Commodity Exchange Act and regulations thereunder.

Regards,

A handwritten signature in black ink that reads 'Daniel R. Carrigan' with a long horizontal flourish extending to the right.

Daniel R. Carrigan
Senior Managing Director

Cc w/att: Mr. Glenn Spann
Mr. J. Goodwin
Mr. Ed Dasso

PBOT REGULATORY ALERT

Authorized Trader Contact Person for IDEX XT Electronic Trading Platform and SWAPDROP.

This PBOT Regulatory Alert is being issued in anticipation of the listing on PBOT of IDEX USD Interest Rate Swap Futures Contracts to be traded on the IDEX XT Electronic Trading System and cleared by International Derivatives Clearinghouse LLC.

To achieve greater market integrity through an enhanced audit trail, PBOT requires each PBOT member or member organization to designate one person—known as an “Authorized Trader contact person”—as the firm’s contact, who is responsible for all business conducted by or through the member on PBOT on the IDEX XT trading system.

In addition, to further enhance its audit trail, PBOT requires each member to identify the person submitting each order or EFS trade by attaching a unique identifier, known as a Trader ID, at the time of submission.

This Regulatory Alert describes how members register their Authorized Trader contact persons, the duties and responsibilities of those contacts, the procedures for de-registering or transferring of those contacts, as well as the use of Trader IDs.

Please direct any questions concerning this Regulatory Alert to Dennis Boylan, PBOT Market Operations (215) 496-5338 or (888) 353-8114.

Registration

According to PBOT rule F7(c), an “Authorized Trader contact person” is an employee or other person associated with a member or member organization (collectively “members”) or a broker that is registered with the PBOT and responsible for all orders submitted by or through the members’ trading mnemonic, known as a Member ID.¹

To register an Authorized Trader contact person, a member must complete and submit PBOT’s “Authorized Trader Contact Person Registration Form.”² In addition, each member is responsible for ensuring that all the information contained in the Authorized Trader contact person Registration Form remains current so that PBOT can immediately reach the Authorized Trader contact person at all times when EFS trades are being submitted or executed or orders are resting in, being submitted to, or are being executed through the firm’s Member ID.³

In addition, because an Authorized Trader contact person must be immediately reachable at all times when business is being transacted through the firm’s Member ID, PBOT allows firms to designate and register an “Alternative Authorized Trader contact person,” who performs the role and accepts the duties and responsibilities of an Authorized Trader contact person, when the primary Authorized Trader contact person is unavailable.⁴ In any event, if the member elects to designate an Alternative Authorized Trader contact person, the primary Authorized Trader contact person remains responsible for ensuring that her or she or the Alternative Authorized Trader contact person are always immediately available when business is being transacted through the firm’s Member ID.

¹ PBOT Rule F2 (a) defines “Authorized Trader” and “Member ID.”

² PBOT Rule F7 (b) and (c); *see also* Attachment A for a copy of “Authorized Trader Contact Registration Form.”

³ PBOT Rule F7 (f).

⁴ *See* Attachment A for a copy of “Authorized Trader Contact Registration Form.”

PBOT Regulatory Alert

Duties and Responsibilities

An Authorized Trader contact person is responsible—and serves as the first point of contact—for all orders and EFS transactions submitted through the firm's Member ID, including any orders submitted through automated order-routing systems.

In addition, PBOT Rule F7(c) imposes four duties and responsibilities on each Authorized Trader contact person. First, at PBOT's request, the Authorized Trader contact person must have the authority to modify or withdraw any order, EFS transaction submitted under the firm's Member ID.⁵ Second, the Authorized Trader contact person must have the ability to immediately identify the source of all orders or EFS transactions submitted under his or her Member Organization's Member ID.⁶ Third, the Authorized Trader contact person must ensure that all activity conducted under his or her Member Organization's Member ID complies with all applicable provisions of the Commodity Exchange Act, Commission regulations and related requirements, all Rules (including PBOT Regulatory Alerts), and all Exchange regulatory and operational orders and procedures.⁷ Finally, an Authorized Trader contact person must ensure that any person conducting business under his or her Member Organization's Member ID is competent and appropriately trained.⁸

Suspension, Transfer, or De-Registration

PBOT may, in its sole discretion, suspend or revoke the registration of an Authorized Trader contact person. For example, PBOT may suspend or revoke the registration of an Authorized Trader contact person because of recurring unavailability when the firm's Member ID is in use or the contact's repeated inability to immediately identify the source of each order or EFS transaction submitted through the firm's Member ID.

With PBOT's consent, a member or Authorized Trader contact person may request to terminate or transfer the registration of the Authorized Trader contact person. To terminate or transfer the registration of an Authorized Trader contact person, the member or Authorized Trader contact person must complete and submit to the PBOT an "Authorized Trader Contact Person De-Registration or Transfer of Form."⁹ However, for the protection of the market, members, and customers, PBOT may, in its sole discretion, refuse to accept a request to terminate the registration of an Authorized Trader contact person, postpone the effective date of the termination of registration, or otherwise place terms or conditions before or after the effective date of de-registration or transfer. Requests for de-registration or transfer become effective only upon approval of PBOT.

⁵ PBOT F7(c)(1).

⁶ PBOT F7(c)(2).

⁷ PBOT F7(c)(3).

⁸ PBOT F7(c)(4).

⁹ See also Attachment B for a copy of the "Authorized Trader Contact De-Registration or Transfer Form."

PBOT Regulatory Alert

Trader ID

Finally, to further enhance our audit trail, PBOT requires each member to identify the person submitting each order or EFS transaction by attaching a unique identifier, or Trader ID, at the time of submission to the PBOT.¹⁰ Each member must ensure that an appropriate Trader ID is submitted to PBOT at the time of each order or EFS transaction submission or revision.

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¹⁰ PBOT Rule F2(a) defines "Trader ID." See also Rule F7(e).

PBOT Regulatory Alert

ATTACHMENT A PBOT

Authorized Trader Contact Person Registration Form

Member Name:	Member ID:	
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I am an employee or associated person of the member firm listed above. I confirm that I understand the obligations of being an Authorized Trader contact person on PBOT, and request registration as an Authorized Trader contact person or Alternative Authorized Trader contact Person for the products that the above-referenced member firm is authorized to trade on PBOT. With my signature on this form, I agree to be subject to, and comply with, all applicable provisions of the Commodity Exchange Act, regulations of the Commodity Futures Trading Commission, rules of the PBOT (including Regulatory Alerts), and all PBOT regulatory and operational orders and procedures.

Full Name: Authorized Trader Contact Person		Signature	
Title		Direct Telephone No.	
E-mail Address		Alternative Telephone No.	
Date for requested activation of registration			
Full Name: Alternative Authorized Trader Contact Person		Signature	
Title		Direct Telephone No.	
E-mail Address		Alternative Telephone No.	

Authorized by:

PBOT staff (printed name)

Signature of authorized PBOT staff and Date

PBOT staff contact number and E-mail Address

PBOT Regulatory Alert

ATTACHMENT B PBOT

Authorized Trader Contact person De-registration or Transfer Form

Requests for de-registration or transfer become effective only upon approval of PBOT. A Authorized Trader Contact Person is de-registered at the close of business on the trading day that a completed form is submitted before 6:00 p.m. (EST) to, **and approved by**, PBOT (unless de-registration or transfer is requested for a future date).

Requested De-registration Date (close of business):	
Member Name:	
Member ID:	
Name of Authorized Trader Contact person:	
Name of Alternative Authorized Trader Contact Person:	
Name of Authorized Person Contact Person to be transferred to: (use separate form for new registration)	

COMMENTS:

Authorized by:

PBOT staff (printed name)

Signature of authorized PBOT staff and Date

PBOT staff contact number and E-mail Address



Days and Hours of Operation

Trading Days and Hours of Operations for remainder of 2008 through 2010.

Holidays 2009-2010.

Executive Summary

The Philadelphia Board of Trade ("PBOT"), pursuant to PBOT Rules E4, E5, and F4 is publishing its days and hours of operation for 2009 and 2010. In addition, through this *Regulatory Alert* the PBOT is publishing its market opening sequence for trading days. This schedule is for products traded on SWAPDROP, IDEX XT and PBOT XL.

Note: This Circular replaces PBOT Circular No. 4-08-R (Notice to Members 3-2008) dated March 7, 2008.

Trading Days

Set forth in attachment A to this *Notice* are the holidays recognized by the PBOT for 2009 and 2010. PBOT will be closed on these designated holidays but otherwise open for business on all other business days unless the PBOT determines otherwise and notifies members through a *Regulatory Alert* or other appropriate means.

Trading Hours

Set forth in attachment B are the trading hours for designated PBOT products, as well as the market opening sequence and timing. PBOT will follow these hours of operations and market opening sequence on each trading day unless it notifies members otherwise through a *Regulatory Alert* or other appropriate means.

Please direct any questions concerning this *Notice* to Dennis Boylan, Director, Market Operations, at 888-353-8114.

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PBOT Regulatory Alert

ATTACHMENT A

<p>Holiday Calendar 2009 – 2010 IDEX XT / PBOT XL</p>
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	Trading Platform	Contracts		SWAP DROP IDEX XT	PBOT XL
				IDEX	WCF & SIF
2009					
New Years Day	January	1	2009	Closed	Closed
Martin Luther King, Jr.	January	19	2009	Closed	Closed
Washington's Birthday	February	16	2009	Closed	Closed
Good Friday	April	10	2009	Closed	Closed
Memorial Day	May	25	2009	Closed	Closed
Independence Day	July	3	2009	Closed	Closed
Labor Day	September	7	2009	Closed	Closed
Columbus Day	October	12	2009	Closed	Open
Veteran's Day	November	11	2009	Closed	Open
Thanksgiving Day	November	26	2009	Closed	Closed
Early Close	November	27	2009	Regular day	Early close
Early Close	December	24	2009	Regular day	Early close
Christmas Day	December	25	2009	Closed	Closed
2010					
New Years Day	January	1	2010	Closed	Closed
Martin Luther King, Jr.	January	18	2010	Closed	Closed
Washington's Birthday	February	15	2010	Closed	Closed
Good Friday	April	2	2010	Closed	Closed
Memorial Day	May	31	2010	Closed	Closed
Independence Day	July	5	2010	Closed	Closed
Labor Day	September	6	2010	Closed	Closed
Columbus Day	October	11	2010	Closed	Open
Veteran's Day	November	11	2010	Closed	Open
Thanksgiving Day	November	25	2010	Closed	Closed
Early Close	November	26	2010	Regular day	Early Close
Early Close	December	23	2010	Regular day	Early Close
Christmas Day	December	24	2010	Closed	Closed

ATTACHMENT B

Trading Days and Hours

For products traded on SWAPDROP AND IDEX XT:

- IDEX IR Swap Futures

Sequence:

- **7:00 a.m. (ET)**
Trading begins
Trading begins at 7:00 a.m. (ET), at which time authorized persons may use all trade application functions provided by the API.
- **5:30 p.m. (ET)**
Market Close
Market closes, each trading day, at which time no further orders will be accepted.

For products traded on PBOT XL:

- PBOT World Currency Futures (WCF)
- PBOT Stock Index Futures (SIF)

Sequence:

- **7:30 a.m. to 8:00 a.m. (ET)**
Pre-Opening: Order Entry and Open-Interest Dissemination
The PBOT XL will open for order entry at 7:30 am (ET) each trading day, at which time the exchange will transmit a control message "Start of Day" to members and member organizations (collectively "members"), after which authorized persons can log-on to PBOT XL. Once logged on, an authorized person can use any application function provided by the application program interface ("API") to enter orders, including functions to submit, revise, and withdraw certain types of orders. During this period no matching of orders occurs, but authorized persons can enter limit orders and "Good 'til Canceled" orders.

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- **8:00 a.m. to 8:20 a.m. (ET)**
Quote Entry for PBOT XL Opening Begins
Before 8:00 a.m. (ET) market makers can only enter quotes to test the PBOT XL quote processing system using an application-level "ping" to verify application connectivity. Beginning at 8:00 a.m. (ET), PBOT market makers can enter quotes for consideration in the opening trade calculation for that trading day.
- **8:20 a.m. (ET)**
PBOT XL Trading begins
Trading begins at 8:20 a.m. (ET), at which time authorized persons may use all trade application functions provided by the API.
- **4:15 p.m. (ET)**
Market Close
The PBOT XL market will close at 4:15 p.m. (ET) each trading day, at which time no further orders or quotes are accepted.



PBOT Regulatory Alert

IDEX XT Electronic Trading Platform Connectivity

Executive Summary

This PBOT Regulatory Alert is being issued in anticipation of the listing on the Philadelphia Board of Trade (“PBOT”) of IDEX USD Interest Rate Swap Futures Contracts to be traded on the IDEX XT Electronic Trading System and cleared by International Derivatives Clearinghouse LLC.

PBOT pursuant to PBOT Rule F19, Automated Order Routing Systems, which applies to the IDEX XT Electronic Trading Platform (“IDEX XT”), is publishing this PBOT Regulatory Alert regarding conformance testing and certification. If any Member or Member Organization provides any Customer, other Members or Member Organizations, or any other Person access to an electronic or automated order-routing system that enables the submitting of Orders directly to the IDEX XT, then that Member or Member Organization must, prior to submitting any such Orders, complete the Exchange's conformance testing and certification procedures before conducting business on the IDEX XT.

Conformance Testing

Members or Member Organizations must write to the open application programming interface (“API”) of the IDEX XT and then complete an acceptance test.

Members or Member Organizations may request the OMex System Programmer's Manual for the IDEX XT as well as establish certification procedures by contacting Gerry Lawlor of International Derivatives Group at (646) 867-2523.

Please direct any questions concerning this *Notice* to Daniel Carrigan, Senior Managing Director, at 888-353-8114.

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December 29, 2008



PBOT Regulatory Alert

IDEX USD Interest Rate Swap Futures Margin

Executive Summary

This PBOT Regulatory Alert is being issued in anticipation of the listing on the Philadelphia Board of Trade ("PBOT") of IDEX USD Interest Rate Swap Futures Contracts to be traded on the IDEX XT Electronic Trading System and cleared by International Derivatives Clearinghouse LLC.

Pursuant to PBOT Rule F11, Customer Margin, PBOT is publishing the minimum initial and maintenance margin rates for IDEX USD Interest Rate Swap Futures Contracts. PBOT will adopt minimum margin requirements prescribed by the International Derivatives Clearinghouse ("IDCH").

Initial Margin

IDCH will determine initial margin by creating thirteen time buckets, expressed in years (2-10 years, 15 years, 20 years, 25 years and 30 years). For each time bucket, a time series analysis of the daily, end-of-day clean price will be performed over the preceding 125 trading days. The result of the time series analysis will be multiplied by three standard deviations and analyzed over three periods: 30 days, 90 days and 125 days. The largest result will be considered as the initial margin, rounded up to the nearest \$100, for the upcoming period. However, should the aforementioned analysis show that the calculated margin level was exceeded in the previous 125 trading day period, IDCH will use that observation, rounded up to the nearest \$100, as the initial margin amount.

For contracts that fall between buckets, i.e. a 27 year interest rate swap future, the next highest level will be used as initial margin (in this case the 30 year initial margin).

Maintenance Margin

IDCH will calculate variation margin by revaluing each individual contract against a proprietary curve ("IDCH Discount Curve"). The components of the variation margin will be the sum of the clean price and net accruals of each contract.

Please direct any questions concerning this *Notice* to Daniel Carrigan, Senior Managing Director, at 215-496-5017, or Michael Dundon, Managing Director, IDCH, at 646-867-2528.

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PBOT REGULATORY ALERT

SWAPDROP: Access and Procedures

This PBOT Regulatory Alert is being issued in anticipation of the listing on the Philadelphia Board of Trade ("PBOT") of IDEX USD Interest Rate Swap Futures Contracts to be traded on the IDEX XT Electronic Trading System and cleared by International Derivatives Clearinghouse LLC.

Requirements

PBOT will allow its members and member organizations (collectively "members") to negotiate and execute Exchange of Futures for Swaps ("EFS") transactions using the IDEX SWAPDROP portal, provided that they comply with PBOT Rules F7, F8, F12 and F19.

PBOT members must follow the operational procedures set forth in PBOT Regulatory Alert XXX, *Authorized Trader Contact Person for IDEX XT Electronic Trading Platform and SwapDrop*.

EFS transactions may be reported to the IDEX SWAPDROP portal during market hours published in PBOT Regulatory Alert XXX, *Days and Hours of Operation*.

IDEX USD Interest Rate Swap Futures Contracts will be eligible for EFS trading. PBOT shall designate which other IDEX Contracts are to be EFS eligible in separate PBOT Regulatory Alerts.

Access to SWAPDROP.

PBOT members may access the IDEX SWAPDROP portal through this web address for EFS transaction submission:

www.swapdrop.com

Additional Notes:

Post Trade Processing

The parties to EFS transactions should contact their respective back offices to insure that trade details are reviewed in post-trade processing for accuracy.

PBOT Regulatory Alert

EFS Recordkeeping

Members participating in EFS transactions should review the recordkeeping requirements stipulated in PBOT Rule F8 (a). Records of EFP transactions must be readily available for SRO audit purposes.

If you have questions regarding this circular, please contact Dennis Boylan at the PBOT Market Operations Desk at 888-353-8114.

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