

Philadelphia Board of Trade

A subsidiary of the
Philadelphia Stock Exchange

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March 28, 2007

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

OFFICE OF THE SECRETARIAT

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Re: **Certification of Amendments to Rules E-2 and E-18**
Reference File SR-PBOT-2007-02

Ladies and Gentlemen:

Pursuant to Commission Rule 40.6, the Philadelphia Board of Trade ("PBOT") proposes to amend Rules E2, Definitions and Rules of Construction, and E18, Order and Quote Matching, as set forth below, to reflect the implementation of new PBOT XL trading system functionality. New language is underlined; deletions are struck through.

Rule E2. Definitions and Rules of Construction

(a) *When used in these Rules, these terms have the following meanings:...*

PBOT Best Bid and Offer. The term "PBOT Best Bid and Offer" means for each Contract then listed and trading through PBOT XL the current disseminated highest bid and lowest offer in the Order Book and/or available by Quote ~~except as provided by Rule E18(e)~~ and excluding those Orders ~~or~~ Quotes that at the time of receipt are matchable and are due execution pursuant to the procedures described in Rule E18.

Rule E18. Order and Quote Matching

(a) *Except as described in Rule E18(d), PBOT XL matches Orders and Quotes in price priority with the highest bid or lowest offer for a Contract having priority over all other Orders and Quotes for the same Contract ~~Month~~. When ~~the~~ PBOT XL has multiple Orders or Quotes for a contract at the highest bid or lowest offer, then*

(1) ~~Customer~~ Orders for Customers receive priority over Orders for Members or Member Organizations and Market Maker Quotes; and among Customer Orders, the first Customer Order in time at a price has priority over all other Customer Orders ~~for the same Contract~~ at the same price; and

~~(2) Orders for Members and Member Organizations and Market Maker Quotes at the same price participate in proportion to the Order or Quote quantity relative to the total quantity of all Member or Member Organization Orders and Market Maker Quotes for the same Contract at the same price.~~

~~(b) When PBOT XL receives an Order for a Contract that crosses the PBOT Best Bid and Offer (i.e., the Order is either a bid that exceeds the lowest offer or is an offer that is less than the highest bid), PBOT XL will reject the Order and notify the Member or Member Organization through which the Order was submitted of the rejection.~~

~~(c) When PBOT XL receives a Quote for a Contract that crosses the PBOT Best Bid and Offer (the "Crossing Quote"), PBOT XL (1) establishes a new PBOT Best Bid and Offer reflecting a locked market (i.e., the highest bid equals the lowest offer) and the Crossing Quote becomes either the highest bid or lowest offer as applicable and (2) executes at the new PBOT Best Bid and Offer against the Crossing Quote in price priority Orders and Quotes at or better than the new PBOT Best Bid and Offer until no other executable bids or offers exist and/or the quantity associated with the Crossing Quote is exhausted.~~

(b) When PBOT XL receives a Quote that locks (i.e., the highest bid equals the lowest offer) or crosses (i.e., the highest bid exceeds the lowest offer) the PBOT XL Best Bid and Offer, PBOT XL will first disseminate a new PBOT XL Best Bid and Offer at either the locked price or the resting price crossed by the Quote, then execute the Quote at that price.

(c) When PBOT XL receives an Order that locks or crosses the PBOT XL Best Bid and Offer, PBOT XL will first execute the Order at either the locked price or the resting price crossed by the Order, then calculate and disseminate a new PBOT Best Bid and Offer.

(d) An electronic auction occurs on PBOT XL when two or more Orders or Quotes for a Contract are submitted, modified, or cancelled virtually simultaneously that would lock or cross market. During an electronic auction, PBOT XL determines the price at which the most Contracts will trade based on all Orders in the Order Book and Quotes in PBOT XL, with each Order or Quote filled receiving its stated price or better. During an electronic auction, a trade may occur outside the last disseminated PBOT Best Bid and Offer.

The PBOT intends to implement these amendments on March 30, 2007.

There were no opposing views among the PBOT's Executive Committee concerning these amendments.

The PBOT certifies that these amendments comply with the Commodity Exchange Act and the rules thereunder.

Yours truly,

A handwritten signature in black ink, appearing to read "C. Robert Paul".

C. Robert Paul
Executive Vice President
and General Counsel

cc: Mr. Allen Cooper
Ms. Jane Croessmann