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April 19, 2007

Ms. Eileen Donovan
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

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U.S. SECURITIES AND COMMODITIES COMMISSION

RE: Section 5c(c)(1) and Regulation Section 40.6. Certification of Amendments to Definitions and CME Rules 511, 527.B., and 538 Regarding Exchange for Risk for Agricultural Commodities. CME Submission #07-31.

Dear Ms. Donovan:

On January 22, 2007, Chicago Mercantile Exchange Inc. ("CME" or "Exchange") approved amendments to the Definitions and CME Rules 511, 527.B., and 538 regarding Exchange for Risk ("EFR") for Agricultural Commodities.

An EFR is the exchange of an agricultural or other commodity futures position by counterparties in an OTC commodity swap. This is similar to an EFP (Exchange for Physical) in which counterparties exchange futures and physical commodity positions, or an EBF (Exchange Basis Facility) in which counterparties exchange futures and interest rate swap positions.

Amendments to the CME Rulebook are presented below, with additions underlined and deletions bracketed and overstruck:

DEFINITIONS

EXCHANGE BASIS FACILITY (EBF) TRADE

An Exchange-for-Physical (EFP) trade transacted in the context of interest rate contracts (see definition of Exchange-for-Physical).

EXCHANGE-FOR-PHYSICAL (EFP) TRADE

An EFP refers to a privately negotiated and simultaneous exchange of a futures position for a corresponding cash position (i.e., a basis trade) apart from the public auction market in the context of a non-interest rate contract. An EFP may be executed on or off the Exchange trading floor. These trades are also referred to as "Transfers of cash for futures", "Cash for Futures", or "vs. cash" transactions. These trades are governed by Rule 538, TRANSFER OF SPOT FOR FUTURES or Rule 719, TRANSFER OF CASH FOR FUTURES AFTER TERMINATION OF CONTRACT.

EXCHANGE-FOR-RISK (EFR) TRADE

An Exchange-for-Physical (EFP) trade transacted in the context of agricultural commodity swaps or other OTC instruments that serve as the actual or spot commodity in the transaction. (see definition of Exchange-for-Physical).

(Remainder of Definitions unchanged)

511. QUALIFIED TRADERS AND BROKERS

No member shall be permitted to execute a pit, board, spot call, block, EFP, EFR or EBF transaction on the Exchange unless he is qualified to do so by a clearing member.

(Remainder of Rule 511 unchanged)

527. OUT-TRADE RESOLUTION POLICY

B. Out-Trades Discovered After a Regular Trading Hours Trading Session

Whenever possible, out-trades created during, but discovered after a Regular Trading Hours session shall be resolved between the parties to the out-trade as provided in this rule, prior to the opening of trading of the next Regular Trading Hours session. If the out-trade may result in a loss, the parties shall attempt to agree upon: (1) apportionment of responsibility between them; (2) the method for establishing the loss (i.e., at the opening of the next Regular Trading Hours session, or via GLOBEX, SIMEX, an EFP, EFR or EBF transaction under Rule 538) or a block trade under Rule 526); and (3) which one of them will establish the loss. In the event the parties are unable to agree on the apportionment of or method for establishing the loss, the parties must nevertheless agree on which one of them will establish the loss.

In the absence of an agreement on the method for establishing the loss, the opening range of the next Regular Trading Hours session shall fix the limit of liability as a result of the out-trade. Regardless of the ultimate determination of responsibility for the loss, a party who unreasonably refuses to use GLOBEX, SIMEX, EFP, EFR, EBF or block transaction to establish the loss may be liable to the other party for the difference between the price at which the loss could have been established at the time the parties were unable to agree on using an alternate market, and the opening range.

(End of Rule 527.B.)

538. TRANSFER OF SPOT FOR FUTURES

An exchange of actual or "spot" commodities for futures contracts shall be permitted by arrangement between ~~[members]~~ parties in accordance with the following:

1. The transaction shall be consummated between two parties wherein one of the parties is the buyer of the "spot" and the seller of the futures contract, and the other party is the seller of the "spot" and the buyer of the futures contract.
2. The purchase and sale of futures contract shall be simultaneous with the sale and purchase of an equal quantity of "spot." With respect to agricultural commodity futures, the seller of the "spot" must have in his possession that cash commodity to be delivered.
3. The transaction may be consummated at any price mutually agreed to by the two parties to the transaction.
4. The transaction shall be submitted to the Clearing House within the time period prescribed by the Exchange. The clearing members and brokers to the transaction shall maintain a full and clear record of the transaction together with all pertinent memoranda.
5. Transfers of spot for futures may also be referred to as "Exchange-For-Physicals" or "EFPs." However, such transactions shall be referred to as "Exchange Basis Facility" transactions or "EBFs" in the context of interest rate products, and "Exchange For Risk" transactions or "EFRs" in the context of agricultural commodity swaps or other OTC instruments that serve as the actual or spot commodity in the transaction.

EFP, EBF, and EFR transactions shall not be permitted in options contracts.

(End of Rule 538)

The Exchange will implement these rule amendments and begin allowing EFRs in agricultural commodities beginning Monday, April 30, 2007.

If you have any questions regarding this submission, please contact Paul Peterson at (312) 930-4587 or via e-mail at ppeterso@cme.com . Please refer to CME Submission #07-31 in all correspondence regarding this matter.

Sincerely,



John W. Labuszewski, Managing Director
Research & Product Development