

# SUBMISSION COVER SHEET

Exchange Identifier Code (optional) 2843.05

Date November 28, 2007

**ORGANIZATION** Chicago Board of Trade

**FILING AS A:**

**DCM**

**DCO**

**DTEF**

**TYPE OF FILING**

• **Rule Amendments**

Self-Certification Under Reg. 40.6(a)

Commission Approval Requested Under Reg. 40.5 or 40.4 (a)

Notification of Rule Amendment Under Reg. 40.6(c)

Non-Material Agricultural Rule Change Determination Under Reg. 40.4(b)

• **New Products**

Self-Certification Under Reg. 40.2 or 41.23

Commission Approval Requested Under Reg. 40.3

**RULE NUMBERS**

New Rule 536.F and revised Rule 26A04

**DESCRIPTION (Rule Amendments Only)**

Supplemental filing - Harmonization of CBOT and CME Rulebooks

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OFF. OF THE SECRETARIAT

November 28, 2007

Mr. David Stawick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

Reference File #2843.05  
Rule Certification

Dear Mr. Stawick:

Pursuant to Commission Regulation 40.6(a), the Chicago Board of Trade (CBOT<sup>®</sup>) hereby submits the following rulebook provisions (copies attached):

- **New Rule 536.F and revised Rule 26A04 (deletions bracketed and struck through).**

This filing supplements a CBOT submission, dated October 25, 2007 (CBOT Reference File #2843.01), of an entirely revised CBOT Rulebook. The revised rulebook is designed to harmonize the CBOT Rulebook with that of the Chicago Mercantile Exchange Inc.(CME), with which CBOT is affiliated via a common parent entity.

CBOT Rule 536.F ("CTR Enforcement Program and Sanction Schedule") that previously was submitted via submission #2843.01 reflected the end state rule language as fully harmonized with CME. However, because CBOT's transition to the CME Price Reporting System will not occur until January 2008, and this system drives certain of the CTR processes, the attached interim Rule 536.F is needed to accommodate the transition from the current state to the end state.

The interim language for CBOT Rule 536.F adopts existing CBOT exception processes and exception threshold levels for various member and clearing firm recordkeeping violations. However, under current CBOT rules, sanctions for these types of violations are issued by disciplinary committees that will no longer exist as of November 29, 2007. Thus, the interim CBOT rule adopts staff administered fining schedules that are consistent with current CME fining schedules and with those of the previously submitted end state rule.

Rule 26A04 is being revised to remove editorial comments which were shown in the original submission but which were not intended to be included in the rule itself.

The CBOT intends to implement the attached provisions as of November 29, 2007.

There were no opposing views with respect to these provisions.

The CBOT certifies that these provisions comply with the Commodity Exchange Act and the rules thereunder.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul J. Draths", followed by a horizontal line extending to the right.

Paul J. Draths  
Vice President and Secretary

ao112707

**CBOT Rule 536.F CTR Enforcement Program and Sanction Schedule**

**CTR Exception Enforcement Program**

The CTR threshold levels are as follows:

<u>Exception Type</u>	<u>Threshold Level</u>
No Bracket Reported	8% and above
Trade Price Not Quoted in Bracket	8% and above for futures 10% and above for options
No Time of Execution for Verbal Orders	8% and above
Execution Time of Verbal Order Not in Bracket	8% and above
Cards Used Out of Sequence	8% and above

A letter of warning will be issued for the first occurrence of a member exceeding a threshold on the 45-day edit report.

A member who fails to meet the acceptable threshold level in the next 30-day cycle following receipt of a warning letter will be fined \$500. A member who appears on the 45-day edit report more than once for the same edit error within a six-month period will be fined \$500.

A subsequent occurrence within a six-month period shall result in a fine of \$1,000 and any further occurrences within a six-month period shall result in a fine of \$5,000.

A member will have 15 days after receipt of a letter of warning or a fine to present evidence to the Market Regulation Department that the designated threshold was not breached. If the member does not submit such evidence, or if the Market Regulation Department determines that the evidence submitted is insufficient to rescind the letter of warning or fine, then the letter of warning or fine shall be final and may not be appealed.

**CTR Clearing Member Back Office Audit Enforcement Program**

The Market Regulation Department will conduct audits of clearing members to verify that required audit trail information has been accurately recorded and submitted. Automatic fines shall be issued in accordance with the following schedule if the percentage of sampled trades with data entry errors is 8% or greater or if the percentage of sampled trades that fail to meet collection time requirements is 20% or greater:

First Occurrence within 24 months	\$2,500
Second Occurrence within 24 months	\$5,000
Third Occurrence within 24 months	\$10,000

If the percentage of data entry errors in the sample is 25% or greater, then the fine listed above may be doubled.

A clearing member will have 15 days after receipt of a fine to present evidence to the Market Regulation Department that the designated threshold was not breached. If the clearing member does not submit such evidence, or if the Market Regulation Department determines that the evidence submitted is insufficient to rescind the fine, then the fine shall be final and may not be appealed.

A member, who following a re-test, is found to have failed to cross out the unused portion of his trading card on more than 5% of his sampled cards or who fails to meet card collection time requirements on 20% or more of his sampled cards shall be fined \$500 for the first occurrence, \$1,000 fine for a second occurrence within a 12-month period and \$5,000 fine for any subsequent occurrence within a 12-month period.

Notwithstanding the provisions of this Section, the Market Regulation Department may, at any time, refer matters that it deems egregious to the Probable Cause Committee.

26A04.

**OPTION PREMIUM LIMITS**

Option premium limits for the CBOT \$10 Dow futures options shall correspond to the daily trading limit in effect at that time for the underlying futures contract as specified in Chapter 26. There shall be no trading in any option contract during a period in which trading in the underlying future is halted as specified in Chapter 26.

When the electronic trading platform is open for trading during non-regular trading hours, there shall be no trading in any option contract when the CBOT DJIA primary futures contract ~~[which contract is this? Should this say the underlying futures as in the previous paragraph?]~~ is limit bid or limit offered.