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January 28, 2008

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

**RE: Solicitation Privileges Upon Consolidation of CME and CBOT
Trading Floors
CME & CBOT Submission No. 08-21**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME") and the Chicago Board of Trade ("CBOT") (collectively, "the Exchanges") hereby submit the attached Special Executive Report S-4665 ("SER") that will be sent to CME and CBOT members addressing the cross-exchange solicitation privileges which will be applicable to CME and CBOT members upon consolidation of the CME and CBOT trading floors.

The Exchanges certify that this SER complies with the Commodity Exchange Act and the regulations thereunder.

If you have any questions regarding this matter, please call me at (312) 648-5422.

Sincerely,

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

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Special Executive Report

S-4665

January 30, 2008

REVISED **SOLICITATION PRIVILEGES UPON CONSOLIDATION OF CME AND CBOT TRADING FLOORS**

This Special Executive Report addresses the cross-exchange solicitation privileges which will be applicable to CME and CBOT members upon consolidation of the CME and CBOT trading floors and supersedes S-4630 issued on October 25, 2007. The revised policy extends cross-exchange solicitation privileges in CBOT agricultural futures and options and CME commodity futures and options to individuals holding CBOT Series B-1 (Full) memberships and CME memberships, as described in this document.

Presently, CME, IMM and IOM members on the CME trading floors have solicitation privileges in all CME products, and CBOT members on the CBOT trading floors have solicitation privileges only in those CBOT products assigned to their specific membership Series. In general, these policies will be maintained on the consolidated floor. However, in order to minimize disruptions to current CME and CBOT members' business activities, floor markets and seat markets, current members will be allowed certain cross-exchange solicitation privileges in specified products of both exchanges on the consolidated trading floor.

Solicitation Defined

For the purposes of this policy, solicitation shall include any of the following:

- 1) Being compensated for the production of orders;
- 2) Providing personal opinions regarding trading strategies or market direction for the purpose of generating interest in exchange products;
- 3) Exercising discretion with respect to any order.

Clerical activities, including the entry of non-discretionary orders and the communication of market information, shall not be considered solicitation.

Cross-Exchange Solicitation Privileges to be Grandfathered as of October 25, 2007

Certain cross-exchange solicitation privileges will be provided to Series B-1 (Full), Series B-2 (Associate), Series B-5 (COM), CME, IMM and IOM memberships that were owned or leased as of the close of business on October 25, 2007 (hereinafter referred to as "COB October 25").

Member firms will be allowed to maintain grandfathered cross-exchange solicitation privileges with respect to the portfolio of memberships owned or leased by the firm as of COB October 25. The grandfathered privileges will belong to the member firm owning or leasing the membership rather than to the individual on the membership, thereby allowing member firms to determine how best to utilize their floor staffs. Memberships purchased after COB October 25 will not have cross-exchange solicitation privileges. A member firm that terminates the lease of a membership

or has its lease terminated will lose the grandfathered solicitation privileges associated with that lease unless it obtains a new lease in the same membership Series or Division within 30 days. **Each individual member** who owns a membership as of COB October 25 will maintain grandfathered solicitation privileges with respect to that membership. An owner who sells a membership after COB October 25 will not be afforded grandfathered solicitation privileges with respect to any new membership purchase, and the cross-exchange solicitation privileges cannot be transferred to the new owner of the membership. An individual lessee will maintain grandfathered solicitation privileges provided that the lease is paid for by the individual member. If the lease is being paid for by a member firm, the member firm will retain the grandfathered privileges associated with the leased membership. An individual lessee who relinquishes a current membership lease or has his lease terminated will retain grandfathered solicitation privileges only if he obtains a new lease in the same Series or Division within 30 days.

Member firms will shortly be provided with a list of all memberships which exchange records reflect as having been owned by or assigned to the member firm as of COB October 25. Member firms will be required to submit a form to the Shareholder Relations and Membership Services Department identifying any memberships that were being leased by the member firm as of COB October 25. Additional information concerning submission of the form will be provided in the cover letter which will accompany the list of memberships owned or assigned to the member firm.

Grandfathered Cross-Exchange Floor Solicitation Privileges

Subject to the grandfathering provisions described above, the following cross-exchange solicitation privileges will apply upon consolidation of the CME and CBOT trading floors:

- CME Division members will have solicitation privileges in all CBOT futures and options.
- IMM and IOM members will have solicitation privileges in all CBOT non-agricultural futures and options.
- CME GEM members and CME Agricultural Solicitation Permit holders will not have any cross-exchange solicitation privileges.
- CBOT Series B-1 (Full) members will have solicitation privileges in all CME futures and options.
- Series B-2 (Associate) members will have solicitation privileges in all CME non-commodity futures and options.
- CBOT Series B-5 (COM) members will have solicitation privileges in all CME non-commodity options.
- CBOT Series B-3 (GIM) and Series B-4 (IDEM) members will not have any cross-exchange solicitation privileges.

A Frequently Asked Questions document begins on page 3 of this Notice which provides additional information on the new cross-exchange solicitation privileges.

Questions regarding the solicitation policy should be directed to one of the following individuals:

John Curran, Managing Director, Products and Services, at 312.930.4557
Robert Krewer, Associate Director, Memberships, at 312.930.3483
Robert Sniogowski, Associate Director, Market Regulation, at 312.648.5493

FAQ Regarding Solicitation Privileges on the Consolidated CME and CBOT Trading Floors

Issued Date: January 30, 2008

1. How is "solicitation" defined in the context of CME and CBOT rules?

Solicitation shall include any of the following:

- 1) Being compensated for the production of orders;
- 2) Providing personal opinions regarding trading strategies or market direction for the purpose of generating interest in exchange products;
- 3) Exercising discretion with respect to any order.

Clerical activities, including the entry of non-discretionary orders and the communication of market information, shall not be considered solicitation.

2. If I am not on a membership with grandfathered cross-exchange solicitation privileges, what products will I be able to solicit on the combined trading floor?

	<u>CBOT Products</u>				<u>CME Products</u>			
	Agricultural Products	Financials	Index, Debt and Energy	Metals	Commodities	Interest Rates	FX	Equities
CBOT Full	✓	✓	✓	✓				
CBOT AM	Opts only	✓	✓	✓				
CBOT COM	Opts only	Opts only	Opts only	Opts only				
CBOT GIM		Futs only						
CBOT IDEM			Futs only	Futs only				
CME CME					✓	✓	✓	✓
CME IMM					✓	✓	✓	✓
CME IOM					✓	✓	✓	✓
CME GEM					GEM Accessible Products only			

3. If I am on a membership with grandfathered cross-exchange solicitation privileges, what products will I be able to solicit on the combined trading floor?

	<u>CBOT Products</u>				<u>CME Products</u>			
	Agricultural Products	Financials	Index, Debt and Energy	Metals	Commodities	Interest Rates	FX	Equities
CBOT Full	✓	✓	✓	✓	✓	✓	✓	✓
CBOT AM	Opts only	✓	✓	✓		✓	✓	✓
CBOT COM	Opts only	Opts only	Opts only	Opts only		Opts only	Opts only	Opts only
CBOT GIM		Futs only						
CBOT IDEM			Futs only	Futs only				
CME CME	✓	✓	✓	✓	✓	✓	✓	✓
CME IMM		✓	✓	✓	✓	✓	✓	✓
CME IOM		✓	✓	✓	✓	✓	✓	✓
CME GEM					GEM Accessible Products only			

4. If I am a CME member with grandfathered cross-exchange solicitation privileges currently soliciting business from the CME trading floor, how will my cross-exchange solicitation privileges differ on the combined trading floor?

With respect to solicitation of CME products, there will be no differences. However, if in addition to CME products you currently solicit in CBOT products from the CME trading floor, your cross-exchange solicitation privileges will differ slightly on the combined trading floor. Specifically, IMM and IOM members will have the right to solicit all products, except CBOT agricultural futures and options, from the combined trading floor. CME Division members will have the right to solicit all CBOT products, including CBOT agricultural futures and options, from the combined trading floor.

5. If I am a CBOT member with grandfathered cross-exchange solicitation privileges currently soliciting business from the CBOT trading floor, how will my cross-exchange solicitation privileges differ on the combined trading floor?

With respect to solicitation of CBOT products, there will be no differences. However, if in addition to CBOT products you currently solicit in CME products from the CBOT trading floor, your cross-exchange solicitation privileges will differ slightly on the combined trading floor. Specifically, Associate ("AM") members will have the right to solicit all products, except CME commodity futures and options, from the combined trading floor. CBOT COM members will have solicitation privileges in all CME options products except for commodity options. CBOT Full members will have the right to solicit all CME products, including CME commodity futures and options, from the combined trading floor.

6. How long will grandfathered cross-exchange floor solicitation privileges last?

Generally speaking - as long as the individual or member firm with the privileges retain their current membership status.

Individual members owning a membership as of the close of business on October 25, 2007 (hereinafter referred to as "COB October 25"), will maintain the grandfathered cross-exchange solicitation privileges at all times during which they hold such membership.

Individual members leasing a membership as of COB October 25 will maintain the grandfathered cross-exchange solicitation privileges as long as they are financially responsible for the lease payments and continue to lease their current membership. If they lose or terminate their current lease, they will have 30 days to secure a new lease in the same membership category to maintain grandfathered cross-exchange solicitation privileges on the combined trading floor.

Member firms will retain grandfathered cross-exchange solicitation privileges for each membership owned or leased by the member firm as of COB October 25 provided that the member firm maintains ownership of, or pays the lease associated with, such memberships.

7. If an individual or member firm purchases a membership after COB October 25, will the membership have grandfathered cross-exchange solicitation privileges on the combined trading floor?

No.

8. As a **lessor**, if I lease my membership to a different trader, will the new lessee have grandfathered cross-exchange solicitation privileges?

The new lessee will have grandfathered cross-exchange solicitation privileges only if the new lessee (individual or member firm employee) previously had grandfathered privileges with respect to a leased membership in the same membership category within the previous 30 days.

9. As an owner of a membership as of COB October 25, will I lose grandfathered cross-exchange solicitation privileges if my membership is being leased as of that date or if I lease my membership after that date?

No. The owner of a membership as of COB October 25 will retain the grandfathered cross-exchange solicitation privileges associated with that membership for as long as he owns the membership. An owner will permanently lose such privileges only if the membership is sold.

10. May members or member firms sell a membership, buy another membership and still maintain grandfathered cross-exchange solicitation privileges?

No. Once a membership is sold, the grandfathered cross-exchange solicitation privileges with respect to that membership will expire.

11. If I am an individual member who owns two memberships, may I sell one membership and maintain the grandfathered cross-exchange solicitation privileges with respect to the membership I retain?

Yes, provided that you were the owner of record as of COB October 25 on the membership you retain.

12. If I am **leasing a membership** and have grandfathered cross-exchange solicitation privileges, may I switch leases and maintain my grandfathered privileges?

Yes, as long as you lease a membership in the same membership category within 30 days of the date you ceased leasing your current membership.

13. If I am **leasing a membership**, do I have to register my lease in order to maintain my grandfathered cross-exchange solicitation privileges?

Member firms that were leasing memberships as of COB October 25 will be required to register those leases with the Shareholder and Membership Services Department on a designated form (See Question 20).

An **individual lessee** who was leasing a membership as of COB October 25 is not required to register this lease, provided the lessee continues to hold such lease.

14. If I switch leases after October 25, 2007 and lease a membership in the same membership category pursuant to question 12 above, do I have to register my new lease in order to maintain my grandfathered cross-exchange solicitation privileges?

Yes. In order to maintain such privileges with respect to the new lease you must notify the Shareholder Relations and Membership Services Department at the time you obtain the new lease.

15. If I am **leasing a membership** and have grandfathered cross-exchange solicitation privileges, may I buy a membership and maintain grandfathered privileges?

No. Membership purchases after COB October 25 will not entitle the owner to grandfathered cross-exchange solicitation privileges. A lessee may only maintain grandfathered privileges after a lease is terminated if the individual leases another membership in the same membership category within 30 days of relinquishing the previous lease.

16. For the purposes of the grandfathering provisions, what organizations are considered to be **member firms**?

For the purposes of this policy, a member firm is considered to be any formally organized membership entity allowed to engage in solicitation activities on the CME or CBOT trading floor. Membership entities that are registered in a member firm category that does not permit solicitation privileges on the trading floor will not be entitled to cross-exchange solicitation privileges on the combined trading floor.

17. Are **registered CME or CBOT broker associations** considered member firms for the purposes of this policy?

No.

18. If a **member firm** owns a membership used by a firm employee and the firm employee is not currently working on the trading floor, will that membership qualify as one of the firm's memberships eligible for grandfathered cross-exchange solicitation privileges on the combined trading floor?

Yes. The grandfathered cross-exchange solicitation privileges for member firms accrue to all memberships owned or leased by the firm as of COB October 25 regardless of

whether such memberships are currently being used by the member firm for solicitation purposes on the trading floor. Member firms may transfer these memberships among firm employees without altering the grandfathered solicitation privileges attendant to the memberships. A firm will lose grandfathered cross-exchange solicitation privileges with respect to a membership owned as of COB October 25 if it sells the membership. Similarly, a member firm will lose grandfathered cross-exchange solicitation privileges with respect to memberships being leased by the firm if it terminates the lease or has its lease terminated, unless the firm obtains a new lease in the same membership category within 30 days and provides notice of the new lease to the Shareholder Relations and Membership Services Department at the time the new lease is obtained.

19. Are memberships assigned to a member firm eligible for grandfathered cross-exchange solicitation privileges?

At CME, grandfathered cross-exchange solicitation privileges will not accrue to member firms with respect to independent membership assignments. These memberships must be held by the owner of the membership and therefore the grandfathered cross-exchange solicitation privileges will accrue to the owner of the membership.

At CME and CBOT, grandfathered cross-exchange solicitation privileges will remain with a member firm for those membership assignments where the owner of the membership maintains an acceptable proprietary interest in the member firm pursuant to the existing policies at each exchange. If the assignment is terminated, the owner of the membership will retain the grandfathered cross-exchange solicitation privileges.

20. How does a **member firm** register the memberships leased by the firm in order to maintain grandfathered cross-exchange solicitation privileges with respect to those memberships?

In the near future, member firms eligible for grandfathered cross-exchange solicitation privileges will be provided a list of all memberships which exchange records reflected as having been owned by or assigned to the firm (excluding CME independent membership assignments) as of COB October 25. The list will be accompanied by a form which member firms will need to complete and return to the Shareholder Relations and Membership Services Department identifying any memberships being leased by the firm as of October 25, 2007. As noted earlier in this document, additional information concerning submission of the form will be provided in the cover letter which will accompany the list of memberships owned or assigned to the member firm.

21. Who should I contact if I have questions regarding cross-exchange solicitation privileges on the combined CME and CBOT trading floors?

John Curran, Managing Director, Products and Services, at 312.930.4557 or john.curran@cmegroup.com

Robert Krewer, Associate Director, Memberships, at 312.930.3483 or robert.krewer@cmegroup.com

Robert Sniegowski, Associate Director, Market Regulation, at 312.648.5493 or robert.sniegowski@cmegroup.com