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DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 1205

[Doc. # AMS-CN-09-0015; CN-09-002]

Cotton Board Rules and Regulations: Adjusting Supplemental Assessment on Imports (2009 Amendments)

Correction

In rule document E9-16031 beginning on page 32400 in the issue of Wednesday, July 8, 2009, make the following correction:

§1205.510 [Corrected]

On page 32403, in §1205.510(3)(ii), in the table titled IMPORT ASSESSMENT TABLE, the third column heading, "Cents/pkg." should read "Cents/kg.", throughout the table.

[FR Doc. Z9-16031 Filed 8-5-09; 8:45 am]

BILLING CODE 1505-01-D

COMMODITY FUTURES TRADING COMMISSION

17 CFR Part 7

Contract Market Rules Altered or Supplemented by the Commission

AGENCY: Commodity Futures Trading Commission.

ACTION: Final rulemaking.

SUMMARY: Regulation 7.201 of the Commodity Futures Trading Commission ("Commission") alters and supplements Chicago Board of Trade ("CBOT") Rule 620.01(B) by requiring members of the CBOT to submit to arbitration of any customer claim or grievance initiated by the customer according to the arbitration rules and regulations of the CBOT. On November 25, 2007, following the merger of Chicago Mercantile Exchange ("CME")

Holdings, Inc. with CBOT Holdings, Inc., CBOT Rule 620.01(B) was superseded by new CBOT Rule 600.D. Like Regulation 7.201, new Rule 600.D specifically requires exchange members to submit to customer-initiated arbitrations. Accordingly, on petition of The CME Group Inc., CBOT's parent company, Regulation 7.201 is being repealed by the Commission as no longer necessary.

DATES: *Effective Date:* Effective August 6, 2009.

FOR FURTHER INFORMATION CONTACT:

Donald Heitman, Senior Special Counsel, Division of Market Oversight, Commodity Futures Trading Commission, Three Lafayette Center, 1155 21st Street, NW., Washington, DC 20581, telephone (202) 418-5041, e-mail dheitman@cftc.gov.

SUPPLEMENTARY INFORMATION:

I. Background

Section 8a(7) of the Commodity Exchange Act ("Act"), 7 U.S.C. 12a(7), provides in relevant part that the Commission is authorized to "alter or supplement the rules of a registered entity insofar as necessary or appropriate * * * for the protection of traders or to insure fair dealing in commodities traded for future delivery on such registered entity." In 1981, pursuant to section 5a(11) of the Act and Part 180 of the Commission's regulations, each contract market was required to "provide a fair and equitable procedure through arbitration or otherwise * * * for the settlement of customers' claims and grievances against any member or employee thereof."¹

In November of 1981, the Commission published a final rule that disapproved proposed CBOT Rule 620.01(B), dealing with arbitration, and altered and supplemented CBOT's rule by implementing in its place Commission

Regulation 7.201.² CBOT Rule 620.01(B), as interpreted by CBOT, would have restricted the ability of customers to arbitrate claims against CBOT members and their employees under CBOT's arbitration rules and regulations. The CBOT had argued that the Act did not compel its members to participate in customer-initiated arbitration proceedings and, during the period of 1980-81, CBOT members had denied five customers the right to arbitrate their disputes with members because those members refused to participate in the CBOT's arbitration procedures.

The Commission regulation, adopted pursuant to its section 8a(7) authority, altered and supplemented CBOT Rule 620.01(B) to implement a Commission-drafted version of Rule 620.01(B). The Commission-imposed rule assured that CBOT members would submit to arbitration proceedings initiated by customers under CBOT rules and regulations. Regulation 7.201 has remained in place ever since.

On July 12, 2007, CBOT Holdings, Inc. merged with CME Holdings, Inc. to form The CME Group, Inc. On November 25, 2007, as part of the harmonization of the rules of the CBOT with those of the CME, the CBOT deleted Rule 620.01(B) from its rulebook and adopted new Rule 600.D governing permissive arbitrations. New CBOT Rule 600.D, which is identical to CME Rule 600.D, provides in relevant part that a CBOT member is, "* * * required to arbitrate * * * claims of a customer against a member that relate to or arise out of any transaction on or subject to the rules of the Exchange."

On June 8, 2009, The CME Group, Inc., CBOT's parent company, submitted a petition pursuant to Commission Regulation 13.2 for the repeal of Regulation 7.201.³ Given that new CBOT Rule 600.D has, since November 25, 2007, compelled members to submit to arbitration claims initiated by customers, that Rule 600.D fully

¹ Section 5a(11) of the Act, 7 U.S.C. 7a (1981). *See also* 17 CFR 180.2 (1981) (implementing section 5a(11) through the establishment of minimum requirements). Subsequently, section 5a(11) and Part 180 were superseded by amended provisions. However, boards of trade are still required to "establish and enforce rules regarding and provide facilities for alternative dispute resolution as appropriate for market participants and any market intermediaries." Section 5(d)(13) of the Act, 7 U.S.C. 7(d)(13) (2009). *See also* 17 CFR Part 38, Appendix B, Core Principle 13 (application guidance and acceptable practices related to section 5(d)(13)).

² 46 FR 57457 (November 24, 1981) (adopting Commission Regulation 7.201). *See also* 49 FR 10659 (March 24, 1984) (subsequent amendment).

³ Copies of the petition are available on written request from David Stawick, Secretary, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW., Washington, DC 20581, by telephone request at (202) 418-5100, or by e-mail request to secretary@cftc.gov. Reference should be made to "CME Group petition to repeal Regulation 7.201."