

M E M O R A N D U M

TO: Philadelphia Board of Trade Members and Member Organizations
FROM: Legal Department
DATE: December 1, 2008
RE: SR-PBOT-2008-15: Rule 1207, Settlement

The Philadelphia Board of Trade (“PBOT”) has filed proposed rule change SR-PBOT-2008-15 with the Commodity Futures Trading Commission. This rule amendment amends Rule 1207, Settlement, and is effective as of December 2, 2008.

Prior to the effectiveness of the amendment, the Final Settlement Price for foreign currency futures contracts on the Australian dollar, the Euro and the British pound is the day's announced Noon Buying Rate, as determined by the Federal Reserve Bank of New York on the Last Trading Day. If the Noon Buying Rate is not announced by 5:00 p.m. (Eastern time (“ET”)), the Final Settlement Price is the most recently announced Noon Buying Rate, unless the Exchange determines to apply an alternative Final Settlement Price as a result of extraordinary circumstances. The Final Settlement Price for the foreign currency futures contracts on the Canadian dollar, the Swiss franc and the Japanese yen is an amount equal to one divided by the day's announced Noon Buying Rate, as determined by the Federal Reserve Bank of New York on the Last Trading Day, rounded to the nearest .0001 (except in the case of the Japanese yen where the amount is rounded to the nearest .000001). If the Noon Buying Rate is not announced by 5:00 p.m. (Eastern time (“ET”)), the Final Settlement Price is based upon the most recently announced Noon Buying Rate, unless the Exchange determines to apply an alternative Final Settlement Price as a result of extraordinary circumstances.

On October 2, 2007, the New York Fed announced its decision to discontinue the publication of foreign exchange rates (Noon Buying Rates) on December 31, 2008, given the availability of alternate market-based sources for these rates. Going forward, because the New York Fed will no longer calculate the Noon Buying Rate, the Final Settlement Price for foreign currency futures contracts will be the spot price at 12:00:00 Eastern Time (noon) on the Last Trading Day.

NASDAQ OMX, LLC will obtain the 12:00:00 (noon) Eastern Time spot price from QuoteMedia, Inc. (“QuoteMedia”) which in turn will obtain the data needed to

calculate that spot price from Tenfore Systems Limited ("Tenfore"). Tenfore has more than 21 contributors reporting, consisting of banks, spot currency portals, the European Central Bank, and brokers. Tenfore's bid and ask prices provided to QuoteMedia are at any given point in time the latest live bid and ask supplied to Tenfore by the last in time of any Tenfore contributor to report. QuoteMedia will calculate the average of the bid and ask prices supplied by Tenfore and through NASDAQ OMX provide that figure to the PBOT as the spot price. As noted above, the spot price at 12:00:00 (noon) Eastern Time will be the Final Settlement Value for PBOT's foreign currency futures contracts.

Finally, PBOT is amending Section (b) of Rule 1207 by substituting the defined term "Last Trading Day" for the words "last day of trading for the contract". No change in meaning is intended.

Please contact Carla Behnfeldt, Legal Department, at (215) 496-5208 with any questions regarding this filing.

The text of the Rule 1207, as amended effective December 2, 2008, is set forth below. New language is underlined and deletions are struck through.

Rule 1207. Settlement

Settlement. (a) All settlements of currency futures contract must be made in U.S. dollars through and in accordance with the rules of the Clearing Corporation. The final settlement amount shall be the final mark to market amount against the Final Settlement Price multiplied by 1,000,000 in the case of the foreign currency futures contracts on the Japanese yen, or by 10,000 in the case of foreign currency futures contracts on the British pound, the Euro, the Australian dollar, the Canadian dollar and the Swiss franc.

(b) Final settlement of a currency futures contract shall be made on the first day on which the Clearing Corporation is open for settlement following the Last Trading Day last day of trading of the contract.

(c) The Final Settlement Price for the foreign currency futures contracts ~~on the Australian dollar, the Euro and the British pound~~ shall be the day's announced Noon Buying Rate, as determined by the Federal Reserve Bank of New York spot rate at 12:00:00 Eastern Time (noon) on the Last Trading Day. ~~If the Noon Buying Rate is not announced by 5:00 p.m. (Eastern time ("ET")), the Final Settlement Price will be the most recently announced Noon Buying Rate, unless the Exchange determines to apply an alternative Final Settlement Price as a result of extraordinary circumstances.~~

The Final Settlement Price for the foreign currency futures contracts on the Canadian dollar, the Swiss franc and the Japanese yen shall be an amount equal to one divided by the day's announced Noon Buying Rate, as determined by the Federal Reserve Bank of New York on the Last Trading Day, rounded to the nearest .0001 (except in the case of the Japanese yen where the amount shall be rounded to the nearest .000001). ~~If the Noon Buying Rate is not announced by 5:00 p.m. (Eastern time ("ET")), the Final Settlement Price will be based upon the most recently announced Noon Buying Rate, unless the Exchange determines to apply an alternative Final Settlement Price as a result of extraordinary circumstances.~~

(d) Each Trading Day except for the Last Trading Day, the Exchange will establish the Daily Settlement Price as the 4:15 PM Philadelphia Stock Exchange ("Phlx") modified spot rate for the currency, divided by ten thousand in the case of futures contracts on the Japanese yen, and divided by one hundred in the case of futures contracts on the other currencies.

(e) [No Change.]