

U.S. COMMODITY FUTURES TRADING COMMISSION

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Three Lafayette Centre
1155 21st Street, NW, Washington, DC 20581
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RECEIVED C.F.T.C.
RECORDS SECTION

July 10, 2000

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Ms. Nancy K. Brooks
Vice President, General Counsel, and Secretary
Board of Trade Clearing Corporation
141 West Jackson Boulevard
Suite 1460
Chicago, Illinois 60604

Re: Application of the Merchants' Exchange of St. Louis, L.L.C. for Designation as a Contract Market in the St. Louis Harbor Barge Freight Futures Contract and Illinois Waterway Barge Freight Futures Contract

Dear Ms. Brooks:

By letter dated February 10, 2000, the Board of Trade Clearing Corporation ("BOTCC") submitted to the Commission, pursuant to Section 5a(a)(12)(A) of the Commodity Exchange Act ("Act") and Commission Regulation 1.41(c), proposed rules for the clearing and settlement of St. Louis Harbor Barge Freight futures contracts and Illinois Waterway Barge Freight futures contracts on the Merchants' Exchange of St. Louis ("MESL") by BOTCC ("BOTCC/MESL Rules").

The Commission has reviewed the proposed BOTCC/MESL Rules in connection with MESL's application for designation as a contract market in the above-referenced futures contracts pursuant to Section 5 of the Act, 7 U.S.C. §7.

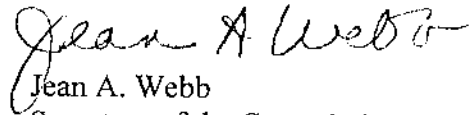
Concurrent with the designation of MESL in the above-referenced futures contracts, the Commission approved, pursuant to Section 5a(a)(12)(A) of the Act, 7 U.S.C. §7a(a)(12)(A), proposed BOTCC/MESL Rules 101-104, 106, 108-112, 116, 117, 120-122, 218, 219, 222, 501-505, 507-516, 518, 601-604, 607, 701-704, 708, 804 and 808.

The Commission's approval is based upon, among other things, written submissions, explanations and representations provided by MESL and BOTCC concerning how BOTCC would assist MESL in performing the Exchange's clearing and settlement functions. Any material modifications to BOTCC/MESL clearing and settlement functions must be submitted for Commission review.

In approving the proposed BOTCC/MESL Rules, the Commission is not approving the agreement for clearing services between BOTCC and MESL. In this connection, BOTCC must

provide to the Commission any material changes to that agreement. The Commission underscores that the BOTCC/MESL Rules approved by the Commission supersede the terms of any agreement between BOTCC and MESL to the extent of any conflict.

Sincerely,



Jean A. Webb
Secretary of the Commission

cc: Robert Stewart, MESL
Yvonne Downs, NFA
Scott E. Early, Foley & Lardner

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July 10, 2000

Mr. Scott E. Early
Foley & Lardner
One IBM Plaza
330 North Wabash Avenue
Suite 3300
Chicago, Illinois 60611-3608

Re: Application of the Merchants' Exchange of St. Louis, L.L.C. for Designation as a Contract Market in the St. Louis Harbor Barge Freight Futures Contract and Illinois Waterway Barge Freight Futures Contract

Dear Mr. Early:

By letters dated January 7, 2000 through June 6, 2000, the Merchants' Exchange of St. Louis, L.L.C. ("MESL" or "Exchange") applied to the Commission, pursuant to Section 6 of the Commodity Exchange Act ("Act"), 7 U.S.C. §8, for designation as a contract market in the St. Louis Harbor Barge Freight futures contract and the Illinois Waterway Barge Freight futures contract.

The Commission has reviewed the materials submitted by MESL and has designated MESL as a contract market in the St. Louis Harbor Barge Freight futures contract and Illinois Waterway Barge Freight futures contract pursuant to Section 5 of the Act, 7 U.S.C. §7.

Concurrent with designation, the Commission approved, pursuant to Section 5a(a)(12)(A) of the Act, 7 U.S.C. §7a(a)(12)(A), MESL's proposed Operating Agreement and proposed Rules 101-129, 201-213, 301-312, 401-421, 501-516, 601-615, 701-719, 801, 802, 901-904, 901A-908A, 901B-908B, and 1001-1006. In addition, the Commission has approved proposed Rules of the Board of Trade Clearing Corporation ("BOTCC") for MESL 101-104, 106, 108-112, 116, 117, 120-122, 218, 219, 222, 501-505, 507-516, 518, 601-604, 607, 701-704, 708, 804 and 808.

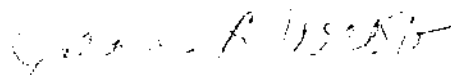
The Commission's approval is based upon, among other things, written submissions, explanations and representations provided by the Exchange describing the manner in which the MESL System will operate. Any material modifications to the operation of the MESL System (e.g., changes to order entry procedures, trade-matching algorithm, clearing procedures, security systems, etc.) must be submitted for Commission review.

The Commission's approval is also based upon written submissions, explanations and representations provided by MESL and the National Futures Association ("NFA") concerning how NFA would assist MESL in performing the Exchange's self-regulatory obligations. Any material modifications to the operation of MESL's self-regulatory program, including those services provided by NFA, must be submitted for Commission review. Moreover, the Commission considers those employees of NFA and Exchange Cubed who are involved in providing services to MESL to be "employees" of MESL for the purposes of Commission Regulation 1.59. Accordingly, like any other MESL employee, these NFA and Exchange Cubed employees are prohibited from trading any futures or options contract on MESL.

The Commission will not at this time require holders of MESL trading privileges who do not trade on behalf of customers to register as floor traders under Commission Regulation 1.3(x). This condition may change if in the future the Commission determines it necessary or appropriate to revisit the issue of registration of proprietary traders on electronic systems.

In approving MESL's proposal, the Commission is not approving either the agreement for clearing services between MESL and BOTCC or the agreement for compliance and surveillance services between MESL and NFA. In this connection, MESL must submit to the Commission any material changes to either of these agreements. The Commission underscores that the MESL Operating Agreement and Rules approved by the Commission supersede the terms of those agreements and, further, the MESL itself remains directly responsible to the Commission for ensuring the performance of all self-regulatory functions required of it as a designated contract market under the Act.

Sincerely,


Jean A. Webb
Secretary of the Commission

cc: Robert Stewart, MESL
Yvonne Downs, NFA
Nancy K. Brooks, BOTCC

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of the Application of the
Merchants' Exchange of St. Louis, L.L.C.
for Designation as a Contract Market in the
Illinois Waterway Barge Freight Futures Contract

ORDER OF DESIGNATION

The Merchants' Exchange of St. Louis, L.L.C. ("MESL") having submitted, pursuant to Sections 4c and 6 of the Commodity Exchange Act ("Act"), 7 U.S.C. §§6c and 8, an application for designation as a contract market in Illinois Waterway Barge Freight futures contracts and the Commodity Futures Trading Commission ("Commission") having reviewed the application and the complete record in this matter, and for the reasons set forth in the memoranda submitted to the Commission by the Division of Trading and Markets and the Division of Economic Analysis recommending that the Commission designate MESL as a contract market in such futures contracts, the Commission finds that for purposes of this application MESL has demonstrated compliance with the requirements under the Act and Commission's regulations thereunder applicable to it. Therefore,

IT IS HEREBY ORDERED, under Sections 4c and 5 of the Act, 7 U.S.C. §§6c and 7, that the application of MESL for designation as a contract market in Illinois Waterway Barge Freight futures contracts is granted,

IT IS FURTHER ORDERED that this grant of designation shall be subject to compliance with all sections of the Act and regulations thereunder applicable to MESL as a

contract market under the Act, including those areas in which MESL contracts with outside parties to provide services in this regard,

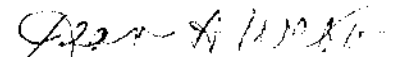
IT IS FURTHER ORDERED that, for purposes of Commission Regulation 1.59, NFA and Exchange Cubed employees who provide services to MESL, shall be considered employees of MESL, and therefore, subject to a total trading prohibition in futures and options contracts traded on MESL,

IT IS FURTHER ORDERED, under Commission Regulation 1.35(l), 17 C.F.R. 1.35(l), that MESL and MESL trading privilege holders be granted an exemption from the requirements of Commission Regulations 1.35(d), (j) and (k), 17 C.F.R. 1.35(d), (j) and (k), and

IT IS FURTHER ORDERED that MESL members and MESL trading privilege holders who trade only for their proprietary accounts at MESL shall not be deemed to be floor traders, under Commission Regulation 1.3(x), 17 C.F.R. 1.3(x), on the basis of that trading activity alone.

Issued in Washington, D.C., this 10th day of July, 2000.

By the Commission



Jean A. Webb
Secretary of the Commission

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of the Application of the
Merchants' Exchange of St. Louis, L.L.C.
for Designation as a Contract Market in the
St. Louis Harbor Barge Freight Futures Contract

ORDER OF DESIGNATION

The Merchants' Exchange of St. Louis, L.L.C. ("MESL") having submitted, pursuant to Sections 4c and 6 of the Commodity Exchange Act ("Act"), 7 U.S.C. §§6c and 8, an application for designation as a contract market in St. Louis Harbor Barge Freight futures contracts and the Commodity Futures Trading Commission ("Commission") having reviewed the application and the complete record in this matter, and for the reasons set forth in the memoranda submitted to the Commission by the Division of Trading and Markets and the Division of Economic Analysis recommending that the Commission designate MESL as a contract market in such futures contracts, the Commission finds that for purposes of this application MESL has demonstrated compliance with the requirements under the Act and Commission's regulations thereunder applicable to it. Therefore,

IT IS HEREBY ORDERED, under Sections 4c and 5 of the Act, 7 U.S.C. §§6c and 7, that the application of MESL for designation as a contract market in St. Louis Harbor Barge Freight futures contracts is granted,

IT IS FURTHER ORDERED that this grant of designation shall be subject to compliance with all sections of the Act and regulations thereunder applicable to MESL as a

contract market under the Act, including those areas in which MESL contracts with outside parties to provide services in this regard,

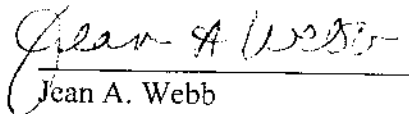
IT IS FURTHER ORDERED that, for purposes of Commission Regulation 1.59, NFA and Exchange Cubed employees who provide services to MESL, shall be considered employees of MESL, and therefore, subject to a total trading prohibition in futures and options contracts traded on MESL,

IT IS FURTHER ORDERED, under Commission Regulation 1.35(l), 17 C.F.R. 1.35(l), that MESL and MESL trading privilege holders be granted an exemption from the requirements of Commission Regulations 1.35(d), (j) and (k), 17 C.F.R. 1.35(d), (j) and (k), and

IT IS FURTHER ORDERED that MESL members and MESL trading privilege holders who trade only for their proprietary accounts at MESL shall not be deemed to be floor traders, under Commission Regulation 1.3(x), 17 C.F.R. 1.3(x), on the basis of that trading activity alone.

Issued in Washington, D.C., this 10th day of July, 2000.

By the Commission



Jean A. Webb
Secretary of the Commission