

“EFP” means an exchange of Futures Contracts for physical Commodities, securities, or portfolios of securities and is further defined in Rule 416.

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416. Exchange of Futures for Physicals Facility (EFPs).

Basis Trades or EFPs may be arranged and executed by a Member only through the electronic Basis Trading Facility or by telephonic means as provided by the Exchange, rather than on the Trading System, in accordance with the provisions of this Rule.

- (a) As used in this Rule a “Basis Trade” or “EFP” means a transaction consummated between two parties wherein one of the parties is the buyer of a Commodity and the seller of a Futures Contract, and the other party is the seller of the Commodity and the buyer of the Futures Contract.
- (b)
 - (i) For U.S. Dollar-denominated futures the Commodity being exchanged must have a high degree of price correlation to the Underlying Commodity, so that the Futures Contract would serve as an appropriate hedge for that Commodity.
 - (ii) For Euro-denominated futures, the Commodity being exchanged must consist of Euro-denominated government debt securities issued by a member state of the European Monetary Union with a minimum size of EUR 2 billion and having a maximum remaining maturity as follows:

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- (c) The quantity of the Commodity being exchanged must correspond with the quantity of the Underlying Commodity of the Futures Contract being exchanged, taking into account any differences in the attributes of the Commodity being exchanged (such as interest rates and maturity dates) and those of the Underlying Commodity and applying hedge ratios as and to the extent appropriate.
- (d) The purchase and sale of the Futures Contract shall be simultaneous with the sale and purchase of the corresponding Commodity.
- (e) The transaction may be consummated at a price mutually agreed upon by the parties to the transaction; provided, that the price of the futures leg does not exceed the range of the day’s overall high and low by more than the following values (The range of the day’s high and low is determined by a validation matrix):

Contract	Range
2 Year U.S. Treasury Note Futures (FTNS)	0.05 percent (approximately 5 ticks)
Jumbo 2 Year U.S. Treasury Note Futures (FTN2)	0.05 percent (approximately 5 ticks)
3 Year U.S. Treasury Note Futures (FTN3)	0.05 percent (approximately 5 ticks)

Contract	Range
5 Year U.S. Treasury Note Futures (FTNM)	0.1 percent (approximately 5 ticks)
10 Year U.S. Treasury Note Futures (FTNL)	0.1 percent (approximately 5 ticks)
30 Year U.S. Treasury Bond Futures (FTBX)	0.1 percent (approximately 5 ticks)
Russell 1000 Futures (FWR1)	0.1 percent (approximately 5 ticks)
Russell 2000 Futures (FWR2)	0.1 percent (approximately 5 ticks)

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- (f) Basis trades may be transacted only with respect to the following Futures Contracts:

Contract
2 Year U.S. Treasury Note Futures (FTNS)
Jumbo 2 Year U.S. Treasury Note Futures (FTN2)
3 Year U.S. Treasury Note Futures (FTN3)
5 Year U.S. Treasury Note Futures (FTNM)
10 Year U.S. Treasury Note Futures (FTNL)
30 Year U.S. Treasury Bond Futures (FTBX)
Russell 1000 Futures (FWR1)
Russell 2000 Futures (FWR2)

- (g) Contracts:

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- (i) For Euro-denominated products, Basis Trades may be transacted with respect to a Delivery Month for a Futures Contract on any Business Day up to and including the Business Day preceding the last Trading Day in that futures.
- (ii) For U.S. Dollar-denominated Futures Contracts that specify physical delivery, Basis Trades may be transacted with respect to a Delivery Month for a Futures Contract on any Business Day up to and including the fifth Business Day immediately preceding the last business Day of that Delivery Month.
- (h) (iii) For U.S. Dollar-denominated Futures Contracts on Stock Indexes, EFPs may be transacted with respect to a Delivery Month on any Business Day prior to and including its final settlement day. Immediately upon agreeing to enter into a Basis Trade, or upon the market's opening (or re-opening) if the transaction is agreed to be entered into by the parties at a time

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when the market is closed, the Member who is the buyer of the Basis Trade (or whose Customer is the Basis Trade buyer) shall report the details of the Basis Trade on the screen or by telephonic means as provided by the Exchange. Within 60 minutes of reporting the details of the Basis Trade, the Member who is the seller of the Basis Trade (or whose Customer is the Basis Trade seller) shall confirm the Basis Trade on the screen or by telephonic means as provided by the Exchange. The Exchange shall immediately notify the parties to the transaction the details of the Basis Trade upon confirmation, and immediately update the Online Time and Sales Report to reflect the transaction.

- (i) Upon request by any employee of the Market Supervision or Compliance Departments, Members must produce satisfactory evidence, (including, but not limited to, full documentation relating to the cash leg of the trade and, if the transaction is in the name of an omnibus account or foreign broker, the name of the Customer), that the Basis Trade was arranged in accordance with the Rules.
- (j) Where a third party was responsible for executing the cash leg of a Basis Trade, any employee of the Market Supervision or Compliance Departments may require the Member to obtain and confirm the details of the cash leg of the trade and provide copies to the Exchange.