

**CME, CBOT, NYMEX, and COMEX Submission No. 21-355**  
**Exhibit A**

**CME, CBOT, NYMEX and COMEX Rulebooks**  
**("Definitions")**

(additions are underscored; deletions are ~~overstruck~~)

**CME**

**CLEARED SWAPS CUSTOMER ACCOUNT**

Shall have the meaning ascribed to such term in CFTC Regulation 22.1; provided however, that, for purposes of CME and Exchange Rules, the term Cleared Swaps Customer Account shall not include an account in which positions in Cleared Swaps (or the money, securities and/or other property margining, guaranteeing or securing such derivatives) are, pursuant to a CFTC order, commingled with positions and funds held in segregated accounts maintained in accordance with Section 4d of the CEA.

**CLEARED SWAPS CUSTOMERS**

Shall have the meaning ascribed to such term in CFTC Regulation 22.1; provided however, that a customer is only a Cleared Swaps Customer with respect to its positions in Cleared Swaps (as defined in CFTC Regulation 22.1); provided further, that, for purposes of CME Rules, the term Cleared Swaps Customers shall not include customers whose Cleared Swaps (as defined in CFTC Regulation 22.1) and whose money, securities and/or other property margining, guaranteeing or securing such Cleared Swaps are, pursuant to a CFTC order, commingled with positions and funds held in segregated accounts maintained in accordance with Section 4d of the CEA.

**COMEX**

Commodity Exchange, Inc.

**IRS CLEARING MEMBER**

Has the meaning as set forth in the CME Rulebook in Rule 8G04.

**NYMEX**

New York Mercantile Exchange, Inc., including its wholly owned subsidiary Commodity Exchange, Inc.

**CBOT**

**CLOSING RANGE**

The high and low prices, inclusive of bids and offers, recorded during the time period designated by the Exchange as the close of pit trading in a particular contract.

**COMEX**

Commodity Exchange, Inc.

**ELECTRONIC DEVICE**

Any type of voice or data communications interface, including but not limited to a computer, headset, trading device, microphone, telephone or camera.

**FLOOR**

Except as otherwise provided by the Exchange, the term "Floor" shall mean any trading floor on which Exchange contracts are listed for open-outery trading.

**FLOOR BROKER**

An Exchange member who is registered as a floor broker under the CEA.

**FLOOR TRADER**

An Exchange member who is registered as a floor trader under the CEA.

**GLOBEX ORDER TYPES**

The availability of specific Globex Order Types is dependent on the product, and not all Order Types are available for all products. Supported Order Types by Product are set forth in the Globex Reference Guide (<http://www.cmegroup.com/globex/files/GlobexRefGd.pdf>).

**COMBINATION ORDER**

A combination of buy and/or sell orders for the same account or accounts with the same ownership, except as provided by Rule 527, at a fixed differential or by some other appropriate pricing convention.

**HIDDEN QUANTITY ORDER**

An order which displays only a portion of the order to the marketplace. When the displayed quantity has been filled, another portion of the order will then be displayed to the marketplace.

**LIMIT ORDER**

An order to be executed at a specific price ("limit price") or better.

**MARKET WITH PROTECTION ORDER**

An order to execute as much of order as possible at the best current offer price (for buy orders) or bid price (for sell orders) within a range of prices predefined by the Exchange (the protected range). Any quantity which cannot be filled within the protected range will remain in the order book as a limit order at the limit of the protected range.

#### **MINIMUM QUANTITY ORDER**

An order which is executed only if a certain minimum quantity of that order can be immediately matched. Any unfilled balance will remain in the book as a limit order at the specified price.

#### **STOP LIMIT ORDER**

An order which becomes eligible for execution at its limit price or better when the market trades at or above the stop price in the case of a buy stop limit order or at or below the stop price in the case of a sell stop limit order.

#### **STOP WITH PROTECTION ORDER**

An order which becomes eligible for execution when the designated price (the stop price) is traded on Globex. Such orders are filled only within a range of prices predefined by the Exchange (the protected range). When the stop price is triggered, the order enters the order book as a limit order with the limit price equal to the trigger price plus or minus the predefined protected range. Any quantity which cannot be filled within the protected range will remain in the order book as a limit order at the limit price.

#### **Globex Order Duration Qualifiers**

An order eligible to be entered into Globex that does not contain a duration qualifier will be cancelled if not filled during the Trading Day in which it was received or, if it was received between Trading Days, during the next Trading Day. An order may specify one of the following duration qualifiers:

#### **DAY**

An order that will be canceled if not filled by the conclusion of the Globex trade date for which it was entered.

#### **FILL AND KILL**

An order immediately filled in whole or in part at the specified price, with any remaining quantity canceled.

#### **GOOD 'TILL CANCELED (GTC)**

An order which will remain in force until executed, cancelled or the contract expires.

#### **GOOD 'TILL DATE (GTD)**

An order which will remain in force through a specified trade date unless executed or canceled, or until the contract expires.

### **INVESTIGATIVE AND HEARING COMMITTEES**

The investigative and hearing committees of the Exchange are the Business Conduct Committee, the Clearing House Risk Committee, ~~the Floor Conduct Committee~~, Hearing Panels of the Board of Directors and such other committees created for this purpose by the Board.

### **NYMEX**

New York Mercantile Exchange, Inc., including its wholly owned subsidiary Commodity Exchange, Inc.

### **ORDER TYPES**

(Note that not all order types are eligible for execution in a trading pit on Globex and through open outcry. Additionally, order types eligible for both venues may have different meanings depending on whether the order is to be executed in a trading pit via open outcry or through Globex.)

#### **Open Outcry Order Types**

#### **ALL-OR-NONE (AON) ORDER**

Where allowed pursuant to Rule 523, an order to be executed in designated contracts in a trading pit via open outcry only for its entire quantity at a single price, with a size at or above a predetermined threshold.

#### **DISREGARD TAPE (DRT) or NOT-HELD ORDER**

Absent any restrictions, a "DRT" (Not Held Order) means any order giving a person complete discretion over price and time in execution of the order, including discretion to execute all, some, or none of the order. A member or clearing member shall not accept an order containing the phrase "with a tick, you are held" (or similar such language). It is understood that a floor broker may trade for his own account while holding such an order without violating Rule 530 ("Priority of Customers' Orders") provided the customer has previously consented in writing and evidence of such general consent is indicated on the order with the "WP" (with permission) designation.

#### **ENTER OPEN STOP (EOS) ORDER**

An instruction to the clearing firm to enter a stop order after execution of a previous order has been achieved.

#### **FILL OR KILL (FOK) ORDER**

A designation, added to an order, instructing the broker to fill the order immediately in its entirety or not all. If the order is not filled immediately in its entirety, it is cancelled.

#### **LIMIT ORDER**

An order with instructions to be executed at a specific price ("limit price") or better.

#### **MARKET (MKT) ORDER**

An order with instructions to be executed upon receipt by a floor broker at the best available price.

**MARKET IF TOUCHED (MIT) ORDER**

A sell (buy) order placed above (below) the market which becomes a market order when the designated price is touched.

**MARKET ON CLOSE (MOC) ORDER**

An order to be executed only in the closing range.

**ONE-CANCELS-OTHER (OCO) ORDER**

A combination of two orders, in which the execution of either one automatically cancels the other.

**OPEN ORDER (GOOD-TILL-CANCELLED)**

An order which remains in force until cancelled. Without such designation, all unfilled orders are cancelled at the end of the Regular Trading Hours Session.

**OPENING ONLY ORDER**

An order that is to be executed during the time period designated by the Exchange as the Regular Trading Hours session opening range time period. Any remaining unfilled quantity not executed during the time period designated as the opening range will be deemed cancelled.

**STOP ORDER**

An order which becomes a market order when the price designated on the order (the "Stop Price") is elected as described below.

A "Buy Stop" order is placed above the market, and is elected only when the market trades at or above, or is bid at or above, the Stop Price. A "Sell Stop" order is placed below the market, and is elected only when the market trades at or below, or is offered at or below, the Stop Price.

**STOP-CLOSE ONLY ORDER**

A stop order which is in effect only during the closing range. It becomes a market order if, during the closing range, the market: (1) in the case of a Buy Stop-Close Only order, trades at or above, or is bid at or above the Stop Price; or (2) in the case of a Sell Stop-Close Only order, trades at or below, or is offered at or below the Stop Price.

**STOP LIMIT ORDER**

A stop order which becomes executable at its limit price or better, when and if the market: (1) in the case of a Buy Stop Limit order, trades at or above, or is bid at or above the Stop Price; or (2) in the case of a Sell Stop Limit order, trades at or below, or is offered at or below the Stop Price.

Globex Order Types

The availability of specific Globex Order Types is dependent on the product, and not all Order Types are available for all products. Supported Order Types by Product are set forth in the Globex Reference Guide (<http://www.cmegroup.com/globex/files/GlobexRefGd.pdf>).

**COMBINATION ORDER**

A combination of buy and/or sell orders for the same account or accounts with the same ownership, except as provided by Rule 527, at a fixed differential or by some other appropriate pricing convention.

**HIDDEN QUANTITY ORDER**

An order which displays only a portion of the order to the marketplace. When the displayed quantity has been filled, another portion of the order will then be displayed to the marketplace.

**LIMIT ORDER**

An order to be executed at a specific price ("limit price") or better.

**MARKET WITH PROTECTION ORDER**

An order to execute as much of order as possible at the best current offer price (for buy orders) or bid price (for sell orders) within a range of prices predefined by the Exchange (the protected range). Any quantity which cannot be filled within the protected range will remain in the order book as a limit order at the limit of the protected range.

**MINIMUM QUANTITY ORDER**

An order which is executed only if a certain minimum quantity of that order can be immediately matched. Any unfilled balance will remain in the book as a limit order at the specified price.

**STOP LIMIT ORDER**

An order which becomes eligible for execution at its limit price or better when the market trades at or above the stop price in the case of a buy stop limit order or at or below the stop price in the case of a sell stop limit order.

**STOP WITH PROTECTION ORDER**

An order which becomes eligible for execution when the designated price (the stop price) is traded on Globex. Such orders are filled only within a range of prices predefined by the Exchange (the protected range). When the stop price is triggered, the order enters the order book as a limit order with the limit price equal to the trigger price plus or minus the predefined protected range. Any quantity which cannot be filled within the protected range will remain in the order book as a limit order at the limit price.

Globex Order Duration Qualifiers

An order eligible to be entered into Globex that does not contain a duration qualifier will be cancelled if not filled during the Trading Day in which it was received or, if it was received between Trading Days, during the next Trading Day. An order

may specify one of the following duration qualifiers:

**DAY**

An order that will be canceled if not filled by the conclusion of the Globex trade date for which it was entered.

**FILL AND KILL**

An order immediately filled in whole or in part at the specified price, with any remaining quantity canceled.

**GOOD 'TILL CANCELED (GTC)**

An order which will remain in force until executed, cancelled or the contract expires.

**GOOD 'TILL DATE (GTD)**

An order which will remain in force through a specified trade date unless executed or canceled, or until the contract expires.

**REGULAR TRADING HOURS (RTH)**

Those hours designated for open outcry trading of the relevant product as determined from time to time.

**SDR**

The term shall have the meaning of a swap data repository as set forth in CEA § 1a(48).

**SWAP**

An agreement, contract or transaction that is executed or cleared as a swap pursuant to the rules of the Exchange or otherwise.

**TRADING SESSION**

A trading session will mean either the pit trading session (the hours designated for open outcry trading for a product) and/or the Globex session (the hours on a particular trading day when a product can be traded on Globex).

**NYMEX and COMEX**

**CLEARED OTC DERIVATIVES CUSTOMER SEQUESTERED ACCOUNT**

An account in which Funds of Cleared OTC Derivatives positions Customers (or investments thereof) (and the money, securities and/or other property margining, guaranteeing or securing such positions) of Cleared OTC Derivatives Customers are held; *Provided, however,* That, for purposes of CME Rules, the term Cleared OTC Derivatives Customer Sequestered Account shall not include an account in which positions in cleared OTC derivatives (or the money, securities and/or other property margining, guaranteeing or securing such derivatives) are, pursuant to a CFTC order, commingled with positions and funds held in segregated accounts maintained in accordance with Section 4d of the CEA.

**CLEARED OTC DERIVATIVES CUSTOMERS**

Customers of a futures commission merchant with positions in cleared OTC derivatives, as that term is defined in CFTC Regulation 190.01(o); *Provided however,* That a customer is only a Cleared OTC Derivatives Customer with respect to its positions in cleared OTC derivatives, as that term is defined in CFTC Regulation 190.01(o); *Provided, further,* That, for purposes of CME Rules, the term Cleared OTC Derivatives Customers shall not include customers whose only cleared OTC derivatives positions (and whose money, securities and/or other property margining, guaranteeing or securing such derivatives) are, pursuant to a CFTC order, commingled with positions and funds held in segregated accounts maintained in accordance with Section 4d of the CEA.

**CLEARED SWAPS CUSTOMER ACCOUNT**

Shall have the meaning ascribed to such term in CFTC Regulation 22.1; *provided however, that, for purposes of CME and Exchange Rules, the term Cleared Swaps Customer Account shall not include an account in which positions in Cleared Swaps (or the money, securities and/or other property margining, guaranteeing or securing such derivatives) are, pursuant to a CFTC order, commingled with positions and funds held in segregated accounts maintained in accordance with Section 4d of the CEA.*

**CLEARED SWAPS CUSTOMERS**

Shall have the meaning ascribed to such term in CFTC Regulation 22.1; *provided however, that a customer is only a Cleared Swaps Customer with respect to its positions in Cleared Swaps (as defined in CFTC Regulation 22.1); provided further, that, for purposes of CME Rules, the term Cleared Swaps Customers shall not include customers whose Cleared Swaps (as defined in CFTC Regulation 22.1) and whose money, securities and/or other property margining, guaranteeing or securing such Cleared Swaps are, pursuant to a CFTC order, commingled with positions and funds held in segregated accounts maintained in accordance with Section 4d of the CEA.*

**COMEX**

Commodity Exchange, Inc.

**FUNDS OF CLEARED OTC DERIVATIVES CUSTOMERS**

The money, securities, and/or other property received by a futures commission merchant from, for, or on behalf of Cleared OTC Derivatives Customers, to margin, guarantee, or secure their cleared OTC derivatives and all money accruing to such customers as a result of such contracts, and, in the case of cleared OTC derivatives options, to be used as a premium for the purchase of such option by the customer or as a premium payable to the customer or to guarantee or secure the performance of such option by the customer or representing accruals for such options to the customer (including the market value of such options purchased by the customer and for which the customer has paid full value).

**INVESTIGATIVE AND HEARING COMMITTEES**

The investigative and hearing committees of the Exchange are the Business Conduct Committee, the Clearing House Risk Committee, ~~the Floor Conduct Committee~~, Hearing Panels of the Board of Directors and such other committees created for this purpose by the Board.

**IRS CLEARING MEMBER**

Has the meaning as set forth in the CME Rulebook in Rule 8G04.

**NYMEX**

New York Mercantile Exchange, Inc., including its wholly owned subsidiary Commodity Exchange, Inc.

**CME, CBOT, NYMEX, and COMEX Rulebooks**

**Chapter 1**

**("Membership")**

(additions are underscored; deletions are ~~overstruck~~)

**CME**

**106. TRANSFERS, SECURITY TRANSACTIONS, AND AUTHORIZATIONS TO TRANSFER OR SELL**

[The introduction and Sections A.-G. are unchanged.]

**106.H. Trading Member Firm**

A membership may be owned by, or two memberships may be leased by, a trading member firm or, if the trading member firm is a pool or fund, the investment manager of the pool or fund. The memberships may be held in the name of the trading member firm or transferred among its principals and employees provided that: (1) the transfer is approved by Exchange staff; (2) the transferee is approved pursuant to the rules of the Exchange; and (3) the transfer is for the legitimate business purposes of the firm. The firm shall have the right, at any time, to withdraw the authority of the transferee to trade on a membership owned or leased by the firm, but must withdraw such authority upon termination of his employment or other association with the firm. Notice of the withdrawal of the authority of the transferee to trade on a membership owned or leased by the firm must be given to his qualifying clearing member who in turn must notify the DepartmentExchange pursuant to Rule 511.A. The trading member firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to the membership transferred under this Section.

[The remainder of the Section is unchanged.]

**106.I. Affiliate Member Firm**

[The first paragraph is unchanged.]

A membership may be owned by a clearing member with shares, or a Rule 106.J. equity member or affiliate firm under this Rule. The membership may be held in the name of the firm or principals or employees of an affiliate and be transferred among its principals and employees provided that: (1) the transfer is approved by Exchange staff; (2) the transferee is approved for membership pursuant to the rules of the Exchange; and (3) the transfer is for the legitimate business purposes of the firm. The affiliate firm shall have the right, at any time, to withdraw the authority of the transferee to trade on the membership owned by the clearing member with shares, Rule 106.J. equity member or affiliate firm, but must withdraw such authority upon termination of his employment or other association with the firm. Notice of the withdrawal of the authority of the transferee to trade on the membership owned by a clearing member with shares, Rule 106.J. equity member or affiliate firm must be given to his qualifying clearing member, and such clearing member must subsequently notify the DepartmentExchange pursuant to Rule 511.A. The clearing member with shares, Rule 106.J. equity member or affiliate firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to the membership held under this Section.

[The remainder of the Section is unchanged.]

**106.J. Equity Member Firm**

[Paragraphs 1-8 are unchanged.]

The memberships owned by the Rule 106.J. equity member firm or a person, including a parent company, with an acceptable proprietary interest in the equity member or the investment manager of a fund, pool or other collective investment vehicle may be transferred under this Rule provided that: (1) the transfer is approved by Exchange staff; and (2) the transferee is approved pursuant to the rules of the Exchange. The firm shall have the right, at any time, to withdraw the authority of the transferee to trade on a firm-owned membership, but must withdraw such authority upon termination of his employment or other association with the firm. Notice of the withdrawal of the authority of the transferee to trade on a firm-owned membership must be given to his qualifying clearing member who in turn must notify the DepartmentExchange pursuant to Rule 511.A. The equity member firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to the membership transferred under this Section.

[The remainder of the Section is unchanged.]

[Sections K.-M. are unchanged.]

**106.N. GEM Institutional Access Member Firm**

A GEM membership may be owned by a GEM Institutional Access member firm. The membership may be held in the name of the member firm or may be transferred to a principal or employee of the member firm and transferred among its principals and employees provided that: (1) the transfer is approved by Exchange staff, (2) the transferee is approved pursuant to the rules of the Exchange; (3) the transfer is for the legitimate business purposes of the firm; and

(4) the firm is not engaged in futures customer business with U.S. customers. The firm shall have the right, at any time, to withdraw the authority of the transferee to trade on the membership, but must withdraw such authority upon termination of his employment with the firm. Notice of the withdrawal of the authority of the transferee to trade on the membership must be given to ~~the Department~~this qualifying clearing member, and such clearing member must subsequently notify the Exchange pursuant to Rule 511.A. The member firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to the membership transferred under this Section.

A Rule 106.N. membership may not be transferred pursuant to any other provision of Rule 106. The membership may not be assigned for membership purposes under Rules 106.J. or 902.

Rule 106.N. member firm benefits apply only to the firm's member firm trading and not to the trading of any affiliates, subsidiaries or customers. All such positions of the member firm must be carried by a clearing member(s) in accounts separate from positions of affiliates, subsidiaries, customers and other entities.

A Rule 106.N. firm may not hold itself out to the public as a clearing member.

~~The holder of a GEM membership pursuant to this section may solicit foreign customers from the floor of the Exchange, but only in products within the GEM Division and bona fide spreads involving such products.~~

[Sections O.-R. are unchanged.]

#### **106.S. Family of Funds Member Firm**

A membership may be owned under this Rule by: (1) a clearing member or Rule 106.J. equity member firm that is a hedge fund or a fund management company; (2) a fund management company of a clearing member or Rule 106.J. equity member firm; or (3) a fund that is part of the family of funds of a clearing member or Rule 106.J. equity member firm. The membership may be held in the name of the fund management company or an approved fund and may be transferred to a principal or employee of the fund management company or an approved fund and be transferred among their principals and employees provided that: (i) the transfer is approved by Exchange staff; (ii) the transferee is approved pursuant to the rules of the Exchange; and (iii) the transfer is for the legitimate business purposes of the fund management company or fund. The fund management company or the fund shall have the right, at any time, to withdraw the authority of the transferee to trade on the membership, but must withdraw such authority upon termination of his employment or other association with the company. Notice of the withdrawal of the authority of the transferee to trade on the membership must be given to his qualifying clearing member who in turn must notify the ~~Department~~Exchange pursuant to Rule 511.A. The fund management company or the fund shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to the membership transferred under this Section.

[The remainder of the rule is unchanged.]

### **120. MEMBERSHIP CATEGORIES**

There are four categories of membership: CME, IMM, IOM and GEM. CME Division membership privileges extend to all CME products; IMM Division membership privileges are limited to products assigned to that Division, the IOM Division and the GEM Division by the Board; IOM Division membership privileges are limited to products assigned to that Division and the GEM Division by the Board; and GEM Division membership privileges are limited to products assigned to that Division by the Board. CME, IMM, IOM and/or GEM members may also be granted Expanded-Access Product privileges in connection with designated products listed by CBOT.

~~A member of the IMM, IOM or GEM Division who personally executes trades on the floor in products other than those assigned to his respective Division or designated Expanded-Access Products shall be deemed to have committed an act detrimental to the interest or welfare of the Exchange.~~ A member who trades products on Globex in which he does not have membership privileges is not entitled to member's rates for such trades.

### **135. GEM DIVISION**

#### **135.A. Trading Privileges of GEM Members**

~~A GEM member shall have access to the trading floor to trade as principal and as broker for others in all products assigned to the GEM Division.~~ A GEM member who trades electronically or places orders for pit- or electronically-traded products in which he does not have membership privileges is not entitled to member rates for such trades. ~~GEM members may not solicit business from the floor of the Exchange except for business in GEM products and bona fide spreads involving such products as set forth in the Interpretations Section at the end of this chapter.~~ The time during which a GEM membership is held will not be counted toward satisfaction of the holding period necessary to permit lessees to become order fillers ~~in the CME, IMM, or IOM Divisions~~ unless the holder can demonstrate that he was primarily engaged in active trading or order filling in GEM Division products during that holding period. ~~Lessees in all divisions may fill orders in GEM Division products without regard to such holding period.~~

#### **135.B. Restriction on Trading Floor Access**

~~After January 7, 1998, any person who relinquishes trading privileges as a CME, IMM or IOM member may not exercise trading floor privileges as a GEM member for two years after relinquishing such privileges in another division. This restriction shall not apply to a person who relinquishes trading privileges that were obtained pursuant to a Rule 106.C. family transfer; provided, however, that such person does not cease to hold or own a GEM membership that was obtained prior to or during the time that such person held the higher division membership pursuant to Rule 106.C. This restriction does not prevent any person who has floor access privileges as a GEM member as of January 7, 1998, from continuing to exercise those privileges. Exchange staff may grant exemptions from this restriction upon a showing of financial hardship.~~

~~If an individual is originally approved for membership in the GEM division, he may on one occasion, which must be~~

~~within one year from the date he was approved or transferred to a higher division membership, return to a GEM membership without being subject to the restriction on trading floor access of this rule.~~

~~Firms are permitted to transfer memberships among firm employees. However, a firm employee previously holding a CME, IMM or IOM membership owned by the firm may not exercise trading floor privileges as a GEM member for two years after relinquishing membership privileges in another division if he remains employed by such firm and, during that time, the firm sells or leases the CME, IMM or IOM membership formerly held by such employee.~~

#### **INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 1**

##### **INTERPRETATION OF RULE 135.A. REGARDING ALLOWABLE SPREADS FOR GEM MEMBERS**

~~Rule 135.A. provides that GEM members may not solicit business from the floor of the Exchange except for business in GEM products and bona fide spreads involving such products.~~

~~The only allowable spreads involving non-GEM products in which GEM members may solicit business while on the trading floor are listed below:~~

~~S&P GSCI™ Commodity Index with Live Cattle and Lean Hogs~~

#### **CBOT**

### **102. NON-MEMBER INVESTORS**

~~A person may purchase a membership interest and be approved as a "Non-Member Investor" in the Exchange. The person shall file an Application to become a Non-Member Investor with the Membership Services Department (the "Department"). A Non-Member Investor is presumed to know all the rules and regulations of the Exchange and agrees to abide by and be subject to them. In the event that multiple individuals own a membership, such individuals shall appoint a designated individual who shall have the authority to sell, lease, pledge or otherwise dispose of or encumber the membership. Further, in the event that a legal entity owns a membership, such entity must provide the Department with appropriate corporate, partnership or other legal documentation indicating who has authority to sell, lease, pledge or otherwise dispose of or encumber the membership and any other documentation requested by the Department.~~

### **105. APPLICATION FOR MEMBERSHIP**

#### **~~105.A. Application Process for Members Accessing the Trading Floor~~**

~~The applicant shall file an Application for Membership and the appropriate fee with the Department. The applicant shall agree to take no recourse against the Exchange in the event his application is rejected (except as provided in Section 8c of the Commodity Exchange Act), set forth all financial arrangements made in connection with the proposed purchase or transfer of the membership and agree to abide by the applicable rules and regulations of the Exchange and all amendments thereto.~~

~~Upon completion of the foregoing, the Department shall notify the membership by posting for a period of 20 days of the name of the applicant, the seller, the purchase price and the transfer type. The notice shall request the submission to the Department of claims against the seller or transferor arising out of Exchange transactions or any other relationship regulated by the Exchange.~~

~~During the posting period, the Department shall prepare a report on the qualifications of the applicant.~~

~~The Short Form application of a member who is transferring onto a membership may be approved by Exchange staff before the expiration of the posting period, provided the member obtains an indemnification agreement in favor of the Exchange from a clearing member to cover Rule 110 claims up to the value of the membership at the time of the transfer.~~

~~An applicant who wishes to procure a membership by purchase, or by transfer, may do so either prior or subsequent to approval for membership pursuant to Rule 107. An applicant who has acquired a membership prior to approval for membership shall become a member upon such approval. An applicant approved for membership prior to acquiring a membership shall become a member if, within thirty calendar days after approval for membership, he procures a membership; otherwise his membership shall be deemed vacated and the Exchange shall retain the membership application processing fee. Extensions of the 30-day period in which the applicant must acquire a membership may be granted by the Department.~~

#### **~~105.B. Application Process for Members Not Requesting Access to the Trading Floor~~**

~~The applicant shall file an Application for Membership and the appropriate fee with the Department. The applicant shall agree to take no recourse against the Exchange in the event his application is rejected (except as provided in Section 8c of the Commodity Exchange Act), set forth all financial arrangements made in connection with the proposed purchase or transfer of the membership and agree to abide by the applicable rules and regulations of the Exchange and all amendments thereto.~~

~~The applicant may receive temporary membership privileges **which do not permit trading floor access** upon the filing of a complete Application unless the Department has reason to believe that the applicant is not qualified for membership. An applicant that receives temporary membership privileges shall be subject to all of the rules of the Exchange including the rules related to the approval and rejection of an applicant. Such temporary membership privileges will expire upon the earlier of: 1) sixty days after the temporary membership privileges are granted; 2) a rejection of the applicant's membership application by the Membership Committee; or 3) notification that the application for membership has been approved. An applicant who receives temporary **non-trading floor** membership privileges who is subsequently rejected for membership shall reimburse the Exchange for the difference between trading and~~

clearing fees paid by reason of the temporary membership status and the fees that would have been paid on the same transactions at the rates that would have otherwise prevailed.

The Department shall notify the membership by posting for a period of 20 days of the name of the applicant, the seller or transferor and the purchase price. The notice shall request the submission to the Department of claims against the seller or transferor arising out of Exchange transactions or any other relationship regulated by the Exchange. During the posting period, the Department shall prepare a report on the qualifications of the applicant.

The Application of a member who obtains a membership may be approved by the Department before the expiration of the posting period, provided the member obtains an indemnification agreement in favor of the Exchange from a clearing member to cover Rule 110 claims up to the value of the membership at the time of purchase or transfer.

An applicant who has acquired a membership prior to approval for membership shall become a member upon such approval. An applicant approved for membership prior to acquiring a membership shall become a member if, within thirty calendar days after approval for membership, he procures a membership; otherwise his membership shall be deemed vacated and the Exchange shall retain the membership application processing fee. Extensions of the 30-day period in which the applicant must acquire a membership may be granted by the Department.

**105.C. ~~Application for Floor Broker's or Floor Trader's License~~**

~~Each membership applicant seeking a Floor Broker's or Floor Trader's license shall apply for registration as a Floor Broker or a Floor Trader with the National Futures Association. Individuals not accessing the trading floor are not required to obtain Floor Broker or Floor Trader registration.~~

106.

**TRANSFERS, SECURITY TRANSACTIONS, AND AUTHORIZATIONS TO TRANSFER OR SELL**

Transfers of memberships may be made only in accordance with the following provisions. All of the applicable procedures and requirements for the sale and purchase of a membership as set forth in Chapter 1, including the provisions of Rule 110, shall apply to transfers made under this rule. A transfer, reinstatement or revocation of a transfer shall not be completed until all valid Rule 110 claims against a member are satisfied unless [the clearing member firm qualifying such member as of the close of business on September 30, 2021, files](#) a properly completed Indemnification Form ~~is filed by a member's qualifying clearing member.~~

[Sections A. and B. are unchanged.]

**106.C. Family Transfers**

A member or Non-Member Investor may temporarily transfer his membership to a member of his immediate family who shall be subject to all Exchange rules and regulations. For purposes of this rule, immediate family members shall be limited to parents, siblings, children, grandchildren, grandparents, fathers-in-law, mothers-in-law, sons-in-law, daughters-in-law and spouses.

Rule 106.C transfers shall be subject to the following terms and conditions:

1. The transferor may revoke the transfer upon written notice filed with the Department.
2. ~~[Reserved]The transferor shall have the right at any time to have the transferee disqualified from trading by giving notice to the transferee's qualifying clearing member, who in turn must notify the Exchange pursuant to Rule 511.A.~~

[The remainder of the Section is unchanged.]

**106.D. Futures Industry Transfers**

A member or Non-Member Investor may temporarily transfer his membership to another member who shall be subject to all Exchange rules and regulations.

Transfers under this section shall be subject to the following terms and conditions:

1. The transferor may revoke the transfer upon written notice filed with the Department.
2. ~~[Reserved]The transferor shall have the right at any time to withdraw the authority of the transferee to trade on the membership by giving notice to the transferee's qualifying clearing member and such clearing member must subsequently notify the Exchange pursuant to Rule 511.A.~~
3. The transfer shall be revoked and the membership shall revert to the transferor's estate or conservator upon official notice of the death or formally declared incompetence of the transferor. However, the legal representative of a deceased member's estate may transfer his membership pursuant to this Rule 106.D. during the pendency of probate.
4. ~~[Reserved]A transferor may not trade while on the trading floor.~~
5. The transferor may sell the membership at any time in accordance with the provisions of Rule 104 or transfer the membership pursuant to Rule 106. The proceeds of the sale of the membership will be distributed to the transferor following the settlement of all claims pursuant to Rule 110.
6. The transferred membership may be sold in accordance with Rule 133, and the proceeds may be applied as provided in Rule 110, to satisfy financial obligations of the transferee to the Exchange, to another member or to a clearing member arising out of the transferee's use of the membership in the event that such financial obligations have not been otherwise satisfied.
7. ~~The transferee must be qualified to trade by a clearing member acceptable to the transferor.~~The transferor may not assign the membership for membership purposes pursuant to Rules 106.H., 106.I., 106.J., 106.R., 106.S. or 902.
8. ~~[Reserved]A transferee shall place all trades on the books of his qualifying clearing member unless written~~



~~authorization to the contrary from said clearing member and from the transferor has been filed with the Department. Failure to adhere to the requirements of this Rule and Rule 511 shall exclude a clearing member not qualifying the transferee from receiving proceeds under Rule 110.~~

[The remainder of the Section – 106.G. are unchanged.]

#### **106.H. Trading Member Firm**

A firm may qualify as a trading member firm if the membership required by the Exchange is owned by the trading member firm; by an affiliate member firm as defined in Rule 106.I.; by a principal or employee of the trading member firm; or by a person, including a parent company, with an acceptable proprietary interest in the trading member firm. The membership may be held in the name of the trading member firm; an affiliate member firm as defined in Rule 106.I.; or a principal or employee of, or a person with an acceptable proprietary interest in, the trading member firm. The owner of the membership may transfer the membership among such persons provided that: (1) the transfer is approved by Exchange staff; (2) the transferee is approved pursuant to the rules of the Exchange; and (3) the transfer is for the legitimate business purposes of the firm. The firm shall have the right, at any time, to withdraw the authority of the transferee to trade on the membership, but must withdraw such authority upon termination of his employment or other association with the firm. Notice of the withdrawal of the authority of the transferee to trade on the membership must be given to ~~his qualifying clearing member who in turn must notify the Department~~Exchange pursuant to Rule 511.A. The trading member firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to the membership transferred under this Section.

A Rule 106.H. trading member firm may not be a fund, fund management company, pool or other collective investment vehicle.

The proceeds of the sale of a membership which has been assigned in order to qualify a Rule 106.H. firm shall be subject to Rule 110 claims against both the owner of the membership and the Rule 106.H. firm.

A Rule 106.H. membership may not be transferred pursuant to any other provision of Rule 106. The membership may not be assigned for membership purposes under Rules 106.I., 106.J., 106.R., 106.S or 902.

Rule 106.H. trading member firm benefits apply only to the trading member firm's member firm trading and not to the trading of any affiliates, subsidiaries or customers. All such positions of the trading member firm must be carried by a clearing member(s) in accounts separate from positions of affiliates, subsidiaries, customers and other entities.

~~Any holder or transferee of a Rule 106.H. membership may not solicit or contact customers from the floor of the Exchange, unless the trading member firm is an Introducing Broker or Futures Commission Merchant as those terms are defined in Section 1a of the Commodity Exchange Act and/or 17 C.F.R.~~

A Rule 106.H. trading member firm may not hold itself out to the public as a clearing member.

Exchange staff may grant exemptions from the requirements of this Rule.

#### **106.I. Affiliate Member Firm**

[The first four paragraphs are unchanged.]

A qualifying membership may be held in the name of the clearing member with shares, Rule 106.J. equity member firm, Rule 106.H. trading member firm, affiliate member firm, by one or more affiliates or a principal or employee of the clearing member with shares, Rule 106.J. equity member firm, Rule 106.H. trading member firm or affiliate member firm. The firm may transfer the membership among such persons provided that: (1) the transfer is approved by Exchange staff; (2) the transferee is approved for membership pursuant to the rules of the Exchange; and (3) the transfer is for the legitimate business purposes of the firm. The firm shall have the right, at any time, to withdraw the authority of the transferee to trade on a membership but must withdraw such authority upon termination of his employment or other association with the clearing member with shares, Rule 106.J. equity member firm, Rule 106.H. trading member firm or affiliate member firm. Notice of the withdrawal of the authority of the transferee to trade on a membership must be given to ~~his qualifying clearing member, and such clearing member must subsequently notify the Department~~Exchange pursuant to Rule 511.A. The clearing member with shares, Rule 106.J. equity member firm, Rule 106.H. trading member firm or affiliate member firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to any membership held under this Section.

[The remainder of the Section is unchanged.]

#### **106.J. Equity Member Firm**

[The first four paragraphs are unchanged.]

The membership may be held in the name of the equity member firm; an affiliate as defined in Rule 106.I. which is a member firm; or a principal or employee of the equity member firm, or a person with an acceptable proprietary interest in the equity member firm. The owner of the membership may transfer the membership among such persons provided that: (1) the transfer is approved by Exchange staff; (2) the transferee is approved pursuant to the rules of the Exchange; and (3) the transfer is for the legitimate business purposes of the firm. The equity member firm shall have the right, at any time, to withdraw the authority of the transferee to trade on the membership, but must withdraw such authority upon termination of his employment or other association with the firm. Notice of the withdrawal of the authority of the transferee to trade on the membership must be given to ~~his qualifying clearing member who in turn must notify the Department~~Exchange pursuant to Rule 511.A. The equity member firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to the membership transferred under this Section.

A Rule 106.J. equity member firm may not be a fund, fund management company, pool or other collective investment vehicle.

The proceeds of the sale of a membership which has been assigned in order to qualify a Rule 106.J. firm shall be subject to Rule 110 claims against both the owner of the membership and the Rule 106.J. firm.

A Rule 106.J. membership may not be transferred pursuant any other provision of Rule 106. The membership may not be assigned for membership purposes under Rules 106.H., 106.I., 106.R., 106.S. or 902.

Rule 106.J. equity member firm benefits apply only to the firm's member firm trading and not to the trading of any affiliates, subsidiaries or customers. All such positions of the equity member firm must be carried by a clearing member(s) in accounts separate from positions of affiliates, subsidiaries, customers and other entities.

~~Any holder or transferee of a Rule 106.J. membership may not solicit or contact customers from the floor of the Exchange, unless the equity member firm is an Introducing Broker or Futures Commission Merchant as those terms are defined in Section 1a of the Commodity Exchange Act and/or 17 C.F.R. 1.3.~~

A Rule 106.J. equity member firm may not hold itself out to the public as a clearing member. Exchange staff may grant exemptions from the requirements of this Rule.

[Sections K.-Q. are unchanged.]

#### **106.R. Electronic Corporate Member Firm**

[The first seven paragraphs are unchanged.]

~~A Rule 106.R. membership does not confer upon a holder or transferee of such membership the ability to access the trading floor.~~

A Rule 106.R. electronic corporate member firm may not hold itself out to the public as a clearing member.

Exchange staff may grant exemptions from the requirements of this Rule.

#### **106.S. Family of Funds Member Firm**

[The first eight paragraphs are unchanged.]

A qualifying membership may be held in the name of the family of funds member firm, the fund management company, a qualified fund, or a person, including parent company, with an acceptable proprietary interest in the family of funds member firm. The owner of a membership may transfer the membership among such persons provided that: (i) the transfer is approved by Exchange staff; (ii) the transferee is approved pursuant to the rules of the Exchange; and (iii) the transfer is for the legitimate business purposes of the family of funds member firm or qualified fund. The family of funds member firm or qualified fund shall have the right, at any time, to withdraw the authority of the transferee to trade on a membership owned by the family of funds member firm or qualified fund, but must withdraw such authority upon termination of his employment or other association with the family of funds member firm or qualified fund. Notice of the withdrawal of the authority of the transferee to trade on a membership owned by the family of funds member firm or qualified fund must be given to ~~his qualifying clearing member who in turn must notify the~~ Department Exchange pursuant to Rule 514.A. The family of funds member firm or qualified fund shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to any membership transferred under this Section.

The proceeds of the sale of a membership which has been assigned in order to qualify a Rule 106.S. family of funds member firm shall be subject to Rule 110 claims against both the owner of the membership and the Rule 106.S. family of funds member firm.

A Rule 106.S. membership may not be transferred pursuant to any other provision of Rule 106. The membership may not be assigned for membership purposes under Rules 106.H., 106.I., 106.J., 106.R. or 902.

[The remainder of the rule is unchanged.]

#### **120. MEMBERSHIP CATEGORIES**

There are five categories of membership: Series B-1 (Full), Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM), and Series B-5 (COM). Series B-1 (Full) membership privileges extend to all CBOT products; Series B-2 (Associate) membership privileges are limited to products assigned to the Government Instruments Market, the Index Debt and Energy Market, and the Commodity Options Market by the Board; Series B-3 (GIM) membership privileges are limited to products assigned to the Government Instruments Market by the Board; Series B-4 (IDEM) membership privileges are limited to products assigned to the Index, Debt and Energy Market by the Board; and Series B-5 (COM) membership privileges are limited to products assigned to the Commodity Options Market by the Board. Series B-1 (Full), Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM), and/or Series B-5 (COM) members may also be granted Expanded-Access Product privileges in connection with designated products listed by CME.

~~A Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM) or Series B-5 (COM) member who personally executes trades on the floor in products other than those assigned to his respective Series or designated Expanded-Access Products shall be deemed to have committed an act detrimental to the interest or welfare of the Exchange.~~ A member who trades products on Globex in which he does not have membership privileges is not entitled to member's rates for such trades.

#### **121. MEMBERSHIP PRIVILEGES**

Membership in the Exchange entitles the member to certain privileges including the right:

- a. ~~To access the trading floor if properly qualified by a clearing member;~~
- b. ~~To act as a Floor Broker and/or Floor Trader in accordance with Exchange rules; and~~
- c. ~~To~~ receive member or lessee fee rates in accordance with Exchange requirements.

#### **122. MEMBERSHIP DUES AND ASSESSMENTS PAYABLE**

Dues and other amounts owed to the Exchange are payable upon receipt of the invoice. Members in arrears 60 days after the invoice date may forfeit all membership privileges, including ~~the privilege of accessing the floor and~~ reduced clearing and trading fees, including Globex fees. Exchange staff shall use reasonable efforts to notify the member before any privileges are forfeited.

Each permit holder's ~~guaranteeing/qualifying~~ clearing member is responsible for the payment of the permit holder's dues, fees and assessments.

CFTC, as applicable, and shall report such action to the Board.

~~125.-126.~~ **[RESERVED]**

~~126.~~ **MEMBERSHIP EDUCATION PROGRAMS**

~~A member's right to access the trading floor requires that he first attend an initial educational program respecting CFTC and Exchange trading rules, federal, Exchange, and administrative sanctions for violating rules, and members' legal and professional responsibilities concerning treatment of customer orders and handling of customer business.~~

~~Continued access requires members to comply with the ethics standards set forth in Appendix B to Part 3 of the CFTC's Regulations-Statement of Acceptable Practices, or any equivalent ethics training.~~

~~127.~~ **BROKING/ TRADING AND SOLICITATION PRIVILEGES**

~~A member shall have the right, subject to the rules of the Exchange, to trade as principal and as broker for others by open outcry only with respect to products assigned to his membership Series or designated Expanded-Access Products. The Exchange, subject to the provisions in Article IV, Section D(2)(e) of the Exchange's Certificate of Incorporation that are applicable to rule changes, shall designate the CBOT products which CBOT and CME members may solicit from the combined CBOT and CME trading floor. In order to broker or solicit customer business, the member must have proper CFTC industry registration. All broking and solicitations must take place from the trading floor or the premises of an entity registered to conduct customer business and Solicitations occurring from the premises of an entity registered to conduct customer business must be on behalf of the entity or one of its properly registered affiliates and such entity or affiliate must be an NFA member if required by NFA rules.~~

~~128.~~ **[RESERVED]**

~~129.~~ **CBOT MINI-SIZED CONTRACT PERMIT HOLDERS' TRADING PRIVILEGES**

~~Floor Access Members of the MidAmerica Commodity Exchange ("MidAm") who were on record as of September 1, 2001 and who remained Floor Access Members thereafter, at least for as long as MidAm continued to have contracts listed for trading, shall be classified as CBOT mini-sized Contract Permit Holders. These Permit Holders will be eligible to trade as principal and as broker (with appropriate industry registration) for others in CBOT mini-sized Corn, Soybean, and Wheat futures and Rough Rice futures and options on the Globex system and Rough Rice options contracts on the Exchange Floor and on the Globex system. Such persons may communicate from the Exchange Floor with non-member customers in the same manner as members may do so, but only with respect to CBOT mini-sized Corn, Soybean and Wheat contracts and Rough Rice contracts.~~

[The remainder of the rule is unchanged.]

**NYMEX and COMEX**

~~102.~~ **NON-MEMBER INVESTORS**

~~A person may purchase a membership interest and be approved as a "Non-Member Investor" in the Exchange. The person shall file an Application to become a Non-Member Investor with the Memberships Services Department (the "Department"). A Non-Member Investor is presumed to know all the rules and regulations of the Exchange and agrees to abide by and be subject to them. In the event that multiple individuals own a membership, such individuals shall appoint a designated individual who shall have the authority to sell, lease, pledge or otherwise dispose of or encumber the membership. Further, in the event that a legal entity owns a membership, such entity must provide the Department with appropriate corporate, partnership or other legal documentation indicating who has authority to sell, lease, pledge or otherwise dispose of or encumber the membership and any other documentation requested by the Department.~~

~~106.~~ **TRANSFERS, SECURITY TRANSACTIONS, AND AUTHORIZATIONS TO TRANSFER OR SELL**

~~[The introduction and Sections A.-J. are unchanged.]~~

~~106.J.~~ **Member Firm**

~~[The first nine paragraphs are unchanged.]~~

~~The memberships may be held in the name of the member firm, principals or employees of the member, or persons with an acceptable proprietary interest in the member firm. The owner of the membership may transfer the membership among such persons provided that: (1) the transfer is approved by Exchange staff; (2) the transferee is approved pursuant to the rules of the Exchange; and (3) the transfer is for the legitimate business purposes of the firm. The firm shall have the right, at any time, to withdraw the authority of the transferee to trade on the membership, but must withdraw such authority upon termination of his employment or other association with the firm. Notice of the withdrawal of the authority of the transferee to trade on the membership must be given to the Department/Exchange. The member firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to the membership transferred under this Section.~~

~~[The remainder of the rule is unchanged.]~~

**CBOT, NYMEX, and COMEX Rulebooks**

**Chapter 3**

**("Exchange Committees")**

(deletions are overstruck)

## CBOT

### 300. COMMITTEES

[Sections A. and B. are unchanged.]

#### 300.C. Non-Board Level Committees

The duties of non-Board level committees are to review investigation reports prepared by Exchange staff, conduct hearings and/or advise and assist the Board and perform the specific duties assigned to them elsewhere in these Rules, in their charters or by the Board. The Board may refer to a committee any matter within the committee's jurisdiction and it shall be the duty of the committee to meet, consider the matter and make a complete report to the Board.

The Chairman may appoint Exchange members or employees of member firms and non-members to all non-Board level committees to serve during the Chairman's term of office and until new committees are appointed. The Chairman may at any time remove any member of a committee, with or without cause, and all vacancies shall be filled as in the case of an original appointment.

Unless otherwise provided in the Rules, a quorum of a non-Board level committee shall consist of a majority of the members of a committee or a committee panel, excluding the vice-chairman, if any. The chairman of a non-Board level committee, or another individual acting in the capacity of the chairman, may vote only to make or break a tie vote unless otherwise provided in the Rules.

~~No more than one member of a single broker association may serve on a panel of an adjudicatory committee.~~

#### 300.D. Disqualification from Certain Committees and Governing Boards

No person shall serve on the Board of Directors or any Board level committee; the Clearing House Risk Committee; the IRS Risk Committee; the Business Conduct Committee; ~~any Pit Committee; the Floor Conduct Committee~~ or the Arbitration Committee

[The remainder of the Rule is unchanged.]

## NYMEX and COMEX

### 300. COMMITTEES

[Sections A. and B. are unchanged.]

#### 300.C. Non-Board Level Committees

The duties of non-Board level committees are to review investigation reports prepared by Exchange staff, conduct hearings and/or advise and assist the Board and perform the specific duties assigned to them elsewhere in these Rules, in their charters or by the Board. The Board may refer to a committee any matter within the committee's jurisdiction and it shall be the duty of the committee to meet, consider the matter and make a complete report to the Board.

The Chairman may appoint Exchange members or employees of member firms and non-members to all non-Board level committees to serve during the Chairman's term of office and until new committees are appointed. The Chairman may at any time remove any member of a committee, with or without cause, and all vacancies shall be filled as in the case of an original appointment. Unless otherwise provided in the Rules, a quorum of a non-Board level committee shall consist of a majority of the members of a committee or a committee panel, excluding the vice-chairman, if any. The chairman of a non-Board level committee, or another individual acting in the capacity of the chairman, may vote only to make or break a tie vote unless otherwise provided in the Rules.

~~No more than one member of a single broker association may serve on a panel of an adjudicatory committee.~~

[The remainder of the Rule is unchanged.]

## CBOT, NYMEX, and COMEX Rulebooks

### Chapter 4

#### ("Enforcement of Rules")

(additions are underscored; deletions are ~~overstruck~~)

## CBOT

### 400. GENERAL PROVISIONS

The Board has adopted Rules, and from time to time adopts amendments and supplements to such Rules, to promote a free and open market on the Exchange, to maintain appropriate business conduct and to provide protection to the public in its dealings with the Exchange and its Members. The Board has created committees to which it has delegated responsibility for the investigation, hearing and imposition of penalties for violations of Exchange Rules. The Board has also delegated responsibility for the investigation and imposition of penalties for violations of certain Exchange Rules to Exchange staff as set forth in the Rules. The delegation of such responsibility and authority shall in no way limit the authority of the Board with respect to all Rule violations.

For purposes of Chapter 4, the term "Member" shall mean: 1) members and clearing members of the Exchange, ~~including retired members with floor access privileges~~ and individuals and entities described in Rule 106; 2) associated

persons ("APs") and affiliates of clearing members and member firms of the Exchange; 3) guaranteed introducing brokers of clearing members and member firms of the Exchange and their APs; 4) Exchange permit holders and any Person or entity that has been granted cross-exchange trading privileges; 5) employees, authorized representatives, contractors, and agents of a Member in regard to the Exchange related activities of such individuals or entities; 6) regular firms; 7) any Person subject to the jurisdiction of the Exchange pursuant to Rule 418; ~~and~~ 8) individuals and entities that have agreed in writing or via electronic signature to comply with the Rules of the Exchange; ~~and 9) CME members and other individuals who have access to the Trading Floor.~~

Members are deemed to know, consent to and be bound by all Exchange Rules. Former Members shall be subject to the continuing jurisdiction of the Exchange, including, without limitation, the application of Rule 432.L., with respect to any conduct that occurred while a Member.

**402. BUSINESS CONDUCT COMMITTEE**

**[Section A. is unchanged.]**

**402.B. Sanctions**

If the Panel finds that a party, including a Member, has violated a Rule, the Panel may take one or more of the following actions:

[1.-4. are unchanged.]

5. Restrict the ability of the party to have a business affiliation with, be employed by or have a financial or beneficial interest in a Member ~~or broker association~~;
6. Restrict, suspend or terminate the party's 1) access to the ~~T~~Trading ~~F~~Floor, 2) direct and/or indirect access to any Designated Contract Market, Derivatives Clearing Organization, or Swap Execution Facility owned or controlled by CME Group, or 3) right to supervise the entry of any orders by others into CFTC-regulated entities owned or controlled by CME Group;

[The remainder of the Section is unchanged.]

**402.C. Emergency Actions**

[Section 1. is unchanged.]

2. In the event that the BCC determines, in the good faith exercise of its sole discretion, that an emergency exists, it may take any of the following emergency actions or any other action that may be appropriate to respond to the emergency:
  - a. Suspend, curtail or terminate trading in any or all contracts;
  - b. Restrict, suspend or terminate a party's 1) access to the ~~T~~Trading ~~F~~Floor, 2) direct and/or indirect access to any Designated Contract Market, Derivatives Clearing Organization, or Swap Execution Facility owned or controlled by CME Group, or 3) right to supervise the entry of any orders by others into CFTC-regulated entities owned or controlled by CME Group;

[The remainder of the rule is unchanged.]

by these Rules.

~~404.~~ ~~405.~~ **[RESERVED]PIT COMMITTEE**

~~The Pit Committee shall have the authority to: 1) participate in the determination of opening and closing ranges in accordance with Rule 546; 2) oversee and enforce changes in prices in accordance with Rule 528 and the Quotation Change Procedures set forth in the Interpretations & Special Notices Section of Chapter 5; 3) resolve pit space disputes; 4) remove unauthorized Persons from the pit; and 5) resolve, by immediate action, all grievances arising from price infractions pursuant to Rule 514 during pit trading.~~

~~A Pit Committee member shall not exercise his authority if he or any Person, firm, or broker association with which he is affiliated has a personal, financial, or other direct interest in the matter under consideration. A Pit Committee member shall be deemed to have a financial interest if the decision is likely to have an immediate financial impact on a transaction for his account or an account in which he has an interest or if the decision is likely to impact on liability for filling an order for which he or a Person with whom he has a financial or business relationship was responsible.~~

~~405.~~ **FLOOR CONDUCT COMMITTEE**

~~The Floor Conduct Committee shall be responsible for resolving pit space disputes that are not resolved by the Pit Committee. The committee shall conduct summary proceedings for alleged violations of Rule 514. Floor Conduct Committee members shall participate in the resolution of quotation change requests pursuant to the Quotation Change Procedures set forth in the Interpretations & Special Notices Section of Chapter 5. The Floor Conduct Committee shall have jurisdiction to conduct summary proceedings for violations of, and assess penalties in accordance with, Exchange Rules. The procedures contained in Rule 409 shall govern summary proceedings.~~

**409. [RESERVED]SUMMARY PROCEEDINGS BEFORE THE FLOOR CONDUCT COMMITTEE**

**409.A.—Jurisdiction**

~~A member of the Floor Conduct Committee or a designated representative of the Market Regulation Department shall have the authority to issue charges against an individual with respect to trading infractions as set forth in Rule 514. A panel of the Floor Conduct Committee shall have authority to conduct summary proceedings with respect to charges under Rule 514.~~

~~Charges against an individual shall be issued by filing the appropriate forms with the Market Regulation Department. The Market Regulation Department will then serve the respondent with a copy of the charges.~~

**409.B.— Selection of the Panel**

For proceedings before the Floor Conduct Committee, the Chief Regulatory Officer or his designee, in consultation with a Floor Conduct Committee Co-Chairman, shall select a panel consisting of three additional members of the Floor Conduct Committee, which may include other Co-Chairmen of the committee. The Chief Regulatory Officer shall endeavor to rotate the members serving on the panels.

No panelist may serve on the particular panel if he or any Person, firm, or broker association with which he is affiliated has a personal, financial, or other direct interest in the matter under consideration.

**409.C.— Conduct of Summary Proceedings**

A summary proceeding before the Floor Conduct Committee shall be conducted in a fair and impartial manner.

A summary proceeding before the Floor Conduct Committee shall take place as soon as practicable after the issuance of charges. The proceeding will not be recorded. The respondent shall be entitled to appear personally and answer the charges issued. Respondents and witnesses may not be represented by counsel at a summary proceeding. However, an employee without membership privileges who is a respondent may be represented by a single representative of his employer. A panel shall decide by a majority vote whether the individual is guilty of the violation or offense charged. If the accused individual is found guilty, a panel may impose fines in accordance with Exchange Rules. A witness who fails to appear at a summary proceeding after being directed to do so by the Chairman of the panel or by staff may be charged with a violation of Rule 432.

If a panel of the Floor Conduct Committee, by a majority vote, decides that the matter is of major importance or might warrant a penalty in excess of its own authority, the Chairman of the Panel shall refer the matter to the Chief Regulatory Officer and shall inform the individual of this referral in writing.

**409.D.— Appeals**

An individual found guilty of an offense who receives a fine greater than \$5,000 may, within 10 days of the decision, file a written appeal of the decision with the Market Regulation Department. A written appeal that fails to specify the grounds for the appeal and the specific error or impropriety of the original decision shall be dismissed by the Chief Regulatory Officer. The Hearing Panel Chair may also allow the parties to file briefs in support of or in opposition to an appeal. The appeal shall be heard by a Panel of the BCC ("BCC Panel") whose decision shall be the final decision of the Exchange and not subject to appeal pursuant to Rule 411. The appellant shall be entitled to be represented by counsel, appear personally before the BCC Panel and present evidence that he may have in support of his appeal. The BCC Panel shall not set aside, modify or amend the appealed decision unless it determines, by majority vote, that the decision was:

- 1.— Arbitrary, capricious, or an abuse of the committee's discretion;
- 2.— In excess of the committee's authority or jurisdiction; or
- 3.— Based on a clearly erroneous application or interpretation of Exchange Rules.

**413. SUMMARY ACCESS DENIAL ACTIONS**

**413.A. Authority to Deny Access**

The Chief Regulatory Officer or his delegate, upon a good faith determination that there are substantial reasons to believe that such immediate action is necessary to protect the best interests of the Exchange, may order that any party be denied access to any or all CME Group markets or any Member be immediately removed from any trading floor or facility owned or controlled by CME Group.

[The remainder of the rule is unchanged.]

**432. GENERAL OFFENSES**

It shall be an offense:

[A.-M. are unchanged.]

of participating in any Board of Directors or committee meeting or hearing;

N. ~~[Reserved] to knowingly accept, directly or indirectly, a trade on the Exchange for the account of a non-member employed on the floor of the Exchange;~~

[O.-W. are unchanged.]

X. to aid or abet the commission of any offense against the Exchange or any violation of an Exchange Rule; ~~and/or~~

Y. to use improperly the trading or clearing platform of any Designated Contract Market, Derivatives Clearing Organization, or Swap Execution Facility owned or controlled by CME Group or permit the unauthorized use of such platforms; ~~and/or~~

Z. ~~for a Member to fail to disclose to his qualifying Clearing Member that an involuntary bankruptcy petition has been filed against him or, in the case of a voluntary bankruptcy proceeding, that he has filed or has formed a definite intention to file for bankruptcy.~~

**437. NOTICE OF DISCIPLINE**

Notice, in accordance with Section 8c(a)(2) of the Commodity Exchange Act, shall be made available to an internet accessible computer database at the National Futures Association and to an internet accessible computer database at CME Group and shall be provided to any Member or non-member who is suspended, expelled, disciplined or denied access to the Exchange within 30 days after the decision becomes final. ~~Additionally, a written notice may be posted on the floor of the Exchange for five business days promptly after the disciplinary action becomes effective.~~ The notice shall include the Member's or non-member's name, the Rule(s) violated, the reason for the Exchange's action and the

action taken or penalty imposed.

#### NYMEX and COMEX

#### 402. BUSINESS CONDUCT COMMITTEE

[Section A. is unchanged.]

##### 402.B. Sanctions

If the Panel finds that a party, including a Member, has violated a Rule, the Panel may take one or more of the following actions:

[1.-5. are unchanged.]

6. Restrict, suspend or terminate the party's 1) access to the ~~T~~trading ~~F~~floor, 2) direct and/or indirect access to any Designated Contract Market, Derivatives Clearing Organization, or Swap Execution Facility owned or controlled by CME Group, or 3) right to supervise the entry of any orders by others into CFTC-regulated entities owned or controlled by CME Group;

[The remainder of Section B. is unchanged.]

##### 402.C. Emergency Actions

[Section 1. is unchanged.]

2. In the event that the BCC determines, in the good faith exercise of its sole discretion, that an emergency exists, it may take any of the following emergency actions or any other action that may be appropriate to respond to the emergency:

[a. is unchanged.]

- b. Restrict, suspend or terminate a party's 1) access to the ~~t~~trading ~~f~~floor, 2) direct and/or indirect access to any Designated Contract Market, Derivatives Clearing Organization, or Swap Execution Facility owned or controlled by CME Group, or 3) right to supervise the entry of any orders by others into CFTC-regulated entities owned or controlled by CME Group;

[The remainder of the Rule is unchanged.]

~~404.-405.~~ [RESERVED]

~~405.~~ [RESERVED]

#### 413. SUMMARY ACCESS DENIAL ACTIONS

##### 413.A. Authority to Deny Access

The Chief Regulatory Officer or his delegate, upon a good faith determination that there are substantial reasons to believe that such immediate action is necessary to protect the best interests of the Exchange, may order that any party be denied access to any or all CME Group markets or any Member be immediately removed from any ~~trading floor or~~ trading floor or facility owned or controlled by CME Group.

[The remainder of the Rule is unchanged.]

#### CME, CBOT, NYMEX, and COMEX Rulebooks

##### Chapter 5

##### ("Trading Qualifications and Practices")

(additions are underscored; deletions are ~~overstruck~~)

#### CME

#### 501. EMPLOYEES OF MEMBERS

Members shall register with the Exchange all persons whom they wish to employ on the trading floor. Such employees may act as runners, communicators, clerks and broker assistants. Such employees shall not be permitted to solicit customers or benefit from the production of orders. Such employees shall not trade or have any interest in an account trading in any ~~CME or CBOT~~ futures or options contracts. Employees must wear a prescribed identification badge. Any member permitting trading by such employee shall be guilty of an offense against the Exchange. Remuneration to such employees shall be limited to salaries and normal bonuses. The member employer shall, upon request, provide a report to Exchange staff with respect to each such employee, setting forth the hours of employment, salary and bonus, and a copy of each employee's Internal Revenue Service W-2 Form or other documentation evidencing employment.

[The remainder of the rule is unchanged.]

#### 531. TRADING AGAINST CUSTOMERS' ORDERS PROHIBITED

[Section A. is unchanged.]

##### 531.B. Exceptions

The foregoing restriction shall not apply to the following:

[1.-4. are unchanged.]

5. If the transaction was pit traded, a person may knowingly trade against his customer order for his own account, an account in which he has a direct or indirect financial interest, an account over which he has discretionary trading authority, or a proprietary account of his employer, only if: (i) the customer has consented in writing to waive the application of Rule 531.A. no more than 12 months prior to the transaction; (ii) the member complies with the requirements set forth in Rule 533 ~~or 549~~ (iii) the member clearly identifies, by appropriate descriptive words, all such transactions, and (iv) the member ensures that it is reported to Exchange price reporting staff for entry into the Exchange Price Reporting System as a cross trade.

**532. DISCLOSING ORDERS PROHIBITED**

With the exception of transactions executed in accordance with the requirements of Rules 526, 538, ~~and 539 and 549~~, no person shall disclose another person's order to buy or sell except to a designated Exchange official or the CFTC, and no person shall solicit or induce another person to disclose order information. An order for pit execution is not considered public until it has been bid or offered by open outcry. No person shall take action or direct another to take action based on non-public order information, however acquired. The mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of this rule.

**533. SIMULTANEOUS BUY AND SELL ORDERS FOR DIFFERENT BENEFICIAL OWNERS**

A member who is in possession of both buy and sell orders for different beneficial owners for the same product and expiration month, and, for a put or call option, the same strike price, may execute such orders for and directly between such beneficial owners provided that in pit trading, a member executing such orders shall first bid and offer by open outcry three times at the same price, stating the number of contracts, and, thereafter, if neither the bid nor the offer is accepted, the orders may be matched in the presence, and with the approval, of a designated Exchange official. ~~The foregoing shall not apply to LOX Orders executed in accordance with Rule 549.~~

The member making such transactions shall, by appropriate descriptive words or symbols, clearly identify all such transactions on his trading card or other similar record made at the time of the execution. The member executing such trade must ensure that it is reported to Exchange price reporting staff for entry into the Exchange Price Reporting System. Failure to identify the transaction to Exchange price reporting staff as a cross trade shall constitute a violation of this rule.

On the Globex platform, opposite orders for different beneficial owners that are simultaneously placed by a party with discretion over both accounts may be entered into the Globex platform provided that one order is exposed for a minimum of 5 seconds ~~in the case of futures orders or a minimum of 15 seconds in the case of options orders~~. An order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite another order entered by the same firm only if this other order has been entered immediately upon receipt and has been exposed on the Globex platform for a minimum of 5 seconds ~~for futures orders or a minimum of 15 seconds for options orders~~.

**536. RECORDKEEPING REQUIREMENTS FOR PIT, GLOBEX, AND NEGOTIATED TRADES**

[Sections A. through E. are unchanged.]

**536.F. ~~Audit Trail Violations~~ CTR Enforcement Program and Sanction Schedule**

~~With the exception of the specific audit trail violations set forth below, a member's failure to comply with any provision of this Rule may result in the imposition of summary penalties by the Market Regulation Department pursuant to the provisions of Rule 512.~~

~~Computerized Trade Reconstruction ("CTR") Monthly Enforcement Program~~

[The remainder of the rule is unchanged.]

**539. PREARRANGED, PRE-NEGOTIATED AND NONCOMPETITIVE TRADES PROHIBITED**

**539.A. General Prohibition**

No person shall prearrange or pre-negotiate any purchase or sale or noncompetitively execute any transaction, except in accordance with Sections B. and C. below.

**539.B. Exceptions**

The foregoing restriction shall not apply to block trades pursuant to Rule 526, ~~or~~ Exchange for Related Positions transactions pursuant to Rule 538 ~~or LOX Orders pursuant to Rule 549~~.

[The remainder of the rule is unchanged.]

**541. ~~[RESERVED]~~ TOP STEP TRADING RESTRICTIONS IN S&P 500 STOCK PRICE INDEX™ FUTURES**

~~A member must be registered with the Exchange in order to stand on the top step or top step area of the S&P 500 futures pit. While on the top step, such members must have a top step badge visibly displayed on their trading jacket. Once registered, a member shall not trade or place orders in S&P 500 futures during Regular Trading hours ("RTH") for his own account, an account in which he has a direct or indirect financial interest, or an account which he controls, except that a member may trade or place an order to liquidate a position that resulted from an error in the execution of an order.~~

~~Notwithstanding the above, a top step registered member may, during an RTH session, deregister with the Exchange and thereafter trade or place orders for his own account, an account in which he has a direct or indirect financial interest, or an account which he controls provided that the member neither trades nor fills orders in S&P 500 futures from the time of deregistration through and including a full bracket period after the bracket period in which deregistration occurred. For the purposes of this rule, the last two regular brackets, the closing range bracket and the post close session bracket shall be considered a single bracket.~~



**549.-551. [RESERVED]LARGE ORDER EXECUTION TRANSACTIONS (“LOX Orders”)**

The Exchange shall designate the products in which Large Order Execution Transactions (“LOX Orders”) shall be permitted and shall determine the minimum quantity thresholds for LOX Orders. The following shall govern LOX Orders:

- A. A LOX Order must be for a quantity that is at or in excess of the applicable minimum quantity threshold. Orders may not be aggregated in order to achieve the minimum quantity necessary for execution as a LOX Order.
- B. A member shall not execute a LOX Order for a customer unless such customer has specified that the order be executed as a LOX Order and the order ticket includes specific instructions to execute a LOX Order and the LOX limit price.
- C. A LOX Order must be executed via open outcry pursuant to the requirements of this Rule.
- D. Prior to bidding or offering, a member or member firm that receives a LOX Order (the “Initiating LOX Order”) must either solicit a contra party to take the opposite side of the order or agree to act as the contra party to the order. In all cases, the order from the contra party must be for the same quantity as the Initiating LOX Order. A member or member firm that receives an Initiating LOX Order and agrees to act as the contra party to the Initiating LOX Order may do so only if the customer has consented in writing no more than 12 months prior to the transaction to waive the prohibition on trading against customers’ orders pursuant to Rule 531.A. An Initiating LOX Order may not be bid or offered pursuant to this Rule unless the executing broker has an order from a contra party or has agreed to act as the contra party to the Initiating LOX Order, and such order is for the same quantity as the Initiating LOX Order.
- E. Parties involved in the solicitation of a LOX Order shall not disclose the details of such communications to other persons, or trade or enter an order to take advantage of information conveyed during such solicitations, except to facilitate the execution of a LOX Order in accordance with this Rule.
- F. In order for the Initiating LOX Order to be represented to the trading pit for execution pursuant to this Rule, the Initiating LOX Order’s designated LOX limit price must be above the bid (in the case of a buy order) or below the offer (in the case of a sell order) in the pit at the time the Initiating LOX Order is bid or offered. Provided that the foregoing requirement is satisfied, the member executing the Initiating LOX Order must clearly announce to the pit 1) he seeks to execute a LOX Order and 2) the full quantity of the LOX Order. The member executing the LOX Order shall not disclose the side of market on the Initiating LOX Order or the designated LOX Order limit price.
- G. The member executing the Initiating LOX Order shall lift any existing offers (in the case of an Initiating LOX Order to buy) or hit any existing bids (in the case of an Initiating LOX order to sell) that better the price requirements of the Initiating LOX Order until the designated LOX limit price is reached. Once the designated LOX limit price is reached, any remaining quantity of the Initiating LOX Order, up to a maximum of 20% of the original quantity of the Initiating LOX Order, will then be executed by the filling broker opposite the solicited contra party at the designated LOX limit price. The filling broker shall then bid or offer any quantity that remains and shall thereafter cross any quantity not immediately taken by other members in the pit. All LOX Order executions must be done in the presence of and with the approval of a designated Exchange official, and the member making such transactions must ensure that any portion of the LOX Order that is crossed at the designated LOX limit price is reported to Exchange price reporting staff for entry into the Exchange Price Reporting System.

**550. POST CLOSE SESSION**

As soon as practicable, trading may resume for a period of three minutes after the close of Regular Trading Hours for pit traded S&P 500 Stock Price Index™ futures contracts. Such trading must begin within 15 minutes after the close of Regular Trading Hours unless a later start time is approved by an Exchange Official.

During the post close session, members are obligated to bid or offer any orders that were received prior to or after the close which are executable in the post close session.

Futures trades during the post close session may occur at any price, provided such price is within the daily as set forth in Rule 35402.

The prices at which trades occur during the post close session may establish a new high or low in the outright contract month or spread or combination.

Except as otherwise specifically set forth in this rule, the rules applicable to trading during Regular Trading Hours shall be applicable to trading during the post close session.

**551. [RESERVED]**

**555. TOP STEP TRADING RESTRICTIONS**

**555.A. Definitions**

- 1. Restricted Contract Month: The term "restricted contract month" means a mature liquid contract month subject to the dual trading provisions of Rule 552.
- 2. Contract Month Position: The term "contract month position" means the area of the pit designated by the Pit Committee for trading a specific contract month or months.
- 3. Personal Account: The term "personal account" means a member's own account, an account in which the member has a direct or indirect financial interest, or an account which the member controls.

**555.B. Top Step Restrictions**

The provisions of this Section B. are not applicable to those products and contract months subject to the restrictions

in Rule 541.

[The remainder of the rule is unchanged.]

## CBOT

### 500. SCOPE OF CHAPTER

This chapter prescribes rules concerning ~~floor access privileges, qualifications for trading privileges, and trading practices.~~

### FLOOR PRIVILEGES

### 501.-508. ~~[RESERVED]EMPLOYEES OF MEMBERS~~

~~Members shall register with the Exchange all persons whom they wish to employ on the trading floor. Such employees may act as runners, communicators, clerks and broker assistants. Such employees shall not be permitted to solicit customers or benefit from the production of orders. Such employees shall not trade or have any interest in an account trading in any CBOT or CME futures or options or swaps contracts. Employees must wear a prescribed identification badge. Any member permitting trading by such employee shall be guilty of an offense against the Exchange. Remuneration to such employees shall be limited to salaries and normal bonuses. The member employer shall, upon request, provide a report to Exchange staff with respect to each such employee, setting forth the hours of employment, salary and bonus, and a copy of each employee's Internal Revenue Service W-2 Form or other documentation evidencing employment.~~

~~The following shall apply to any Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM), or Series B-5 (COM) member or permit holder who also holds a broker assistant badge. Such person shall not trade for, or carry in his account or an account in which he has any interest, any positions in contracts traded on the Exchange except for those contracts which he is entitled to trade as principal or broker for others by virtue of his membership or permit holder status as referenced above.~~

~~A member holding a broker assistant badge shall be required to notify his qualifying clearing member, as defined in Rule 903, of the name, address and immediate supervisor of the member or member firm by whom he is employed as a broker assistant. Upon a qualifying clearing member's revocation of trading authorization in accordance with Rule 903.E., the qualifying clearing member immediately shall give written notice to the member or member firm which employs a member as a broker assistant that the member's trading authorization has been revoked. A member holding a broker assistant badge shall be denied floor access privileges upon the revocation of trading authorization by his qualifying clearing member. The floor access privileges of a member who holds a broker assistant badge may be reinstated upon the filing of a release with the Shareholder Relations and Membership Services Department by the member's qualifying clearing member in accordance with Rule 903.D.~~

~~Members shall be responsible for ensuring that their employees comply with all Exchange rules and may, subject to a determination by an Exchange disciplinary committee, be liable for any fines imposed upon such employees by the Exchange. The Exchange may, in its sole discretion, notify a member of the existence of an Exchange investigation and the conduct which is the subject of the investigation involving one of the member's employees when the Market Regulation Department interviews such employee or, if no such interview occurs, when charges are issued against the employee by the Chief Regulatory Officer.~~

~~No person shall be registered as an employee pursuant to this rule if such person is determined by Exchange staff not to be of good moral character or if it is determined that such registration may be detrimental to the interest or welfare of the Exchange.~~

### 502. ~~ADMISSION TO FLOOR~~

~~In addition to authorized employees and agents of the Exchange, only members, registered employees of members, permit holders and authorized visitors shall be permitted on the floor of the Exchange. No person may be introduced on the floor of the Exchange by a member on more than three days of any calendar month. Members must at all times accompany visitors for whom they have obtained floor access and are responsible for the conduct and actions of visitors for whom they have obtained floor access while such visitors are on Exchange premises. No privileges other than admittance to the floor may be extended to a guest. A guest is specifically prohibited from performing any of the functions of an employee of a member or member firm, entering a trading pit, placing orders, using any electronic devices or market display equipment and blocking aiseways or access to trading pits.~~

### 503. ~~RETIRED MEMBERS<sup>†</sup>~~

~~A member who has been a member for at least 25 years who sells or leases his membership may apply for a retired member badge which will entitle the retired member to access the trading floor. A retired member who leases his membership to another person may place orders for his own account from on the trading floor pursuant to the customer order entry requirements set forth in Rule 536.A.1. A retired member who sells his membership is prohibited from placing orders for any account while on the trading floor. Retired members are prohibited from accessing the trading pits during trading hours.~~

### 504. ~~[RESERVED]~~

### 505. ~~BOOTH AND FLOOR PRIVILEGES~~

~~Booth space on the trading floor may be assigned only to clearing member firms. Available booth space will be~~

<sup>†</sup>Revised June 2008.

assigned by Exchange staff in accordance with the policies established by the Exchange and the decisions of Exchange staff regarding the assignment of booth space shall be final. Clearing member firms may allocate assigned booth space to 1) members qualified by the clearing member firm or 2) member firms with which it has a clearing relationship with respect to exchange products.

Orders may be accepted at or relayed from the booth space assigned to a clearing member firm or allocated to a member or member firm by the clearing member firm only by employees of the member, member firm or clearing member firm and members qualified by the clearing member firm.

Notwithstanding any other rule, any member who is associated as a partner, shareholder, member, officer, manager, employee, or consultant with any entity or natural person that is or should be registered as an Introducing Broker ("IB"), Futures Commission Merchant ("FCM"), Commodity Trading Advisor ("CTA") or Commodity Pool Operator ("CPO") as those terms are defined in Section 1a of the Commodity Exchange Act and/or 17 C.F.R. 1.3, may not solicit orders of others from the floor of the Exchange unless the entity or natural person for which or for whom the member is soliciting orders is also a member firm or member of the Exchange. Additionally, IBs, FCMs, CTAs and CPOs may not operate from booth spaces on the trading floor unless they are member firms or wholly owned by members or member firms.

## **506. HEADSET PRIVILEGES ON THE TRADING FLOOR**

### **506.A. Access and Supervision**

Members and member firms are eligible to use headsets on the trading floor. Members and member firms may authorize their nonmember employees to utilize headsets subject to their supervision. For the purposes of this rule, a telephone in, or on the perimeter of, a trading pit shall be treated in the same manner as a headset.

Members and member firms are eligible to lease headsets from the Exchange by filing an application with the Telecommunications Department. Alternatively, members and member firms may use headsets obtained from a third-party provided the Exchange authorizes use of the third-party headsets pursuant to the provisions of Rule 507.A. Members and member firms using headsets provided by a third-party must permit the third-party to provide the Market Regulation Department direct access to recordings required to be made pursuant to the provisions of Rule 536.G.

Members and member firms are responsible for ensuring that their nonmember employees who utilize headsets comply with all requirements set forth in this rule and are responsible for the content of their nonmember employees' headset communications.

### **506.B. Use of Headsets**

Nonmember employees wearing a headset may communicate order and fill information, as well as market information that has been publicly exposed to the trading pit; however, such nonmember employees may not communicate their personal opinions concerning the market or trading activity.

Headsets may be used to communicate between locations on the trading floor, and between the trading floor and off-floor locations. Headsets may be used to accept, place or relay orders provided that all applicable Exchange audit trail and recordkeeping requirements are met. However, nonmember customers may not place orders directly to the pit, and floor brokers and their employees may not accept such orders, unless the customer's clearing firm, in its sole discretion, has specifically authorized the customer to place orders directly.

## **507. ELECTRONIC DEVICES**

### **507.A. General Provisions**

The use of any electronic device on the trading floor is prohibited unless such device and/or usage has been permitted by the Exchange. For purposes of this rule, the term "electronic device" shall mean any type of voice or data communications interface, including but not limited to a computer, headset, hand-held device, microphone or telephone. No Member (as defined in Rule 400) shall permit others to use any electronic device unless such use has been permitted by the Exchange. Members using a permitted electronic device on the trading floor for permissible business purposes must retain any required audit trail data in accordance with applicable Exchange rules and CFTC regulations.

### **507.B. Terms and Conditions of Use**

The Exchange may, in its sole discretion, impose restrictions on the use of any permitted electronic device by any Member. The Exchange may limit, suspend or terminate any Member's right to use any permitted electronic device at any time, without prior notice and without any liability to the Exchange.

The Exchange shall have the right, at any time, to audit the use of any permitted electronic device by any Member.

The Exchange accepts no responsibility for loss, theft or damage to any equipment permitted for use by a Member on Exchange premises.

Electronic devices that are not issued by the Exchange must not interfere with any Exchange system.

### **507.C. Electronic Surveillance**

The Exchange may intercept and record any electronic communication received or sent from the trading floor to ensure compliance with Exchange Rules. Exchange members, their employees, and all others who are granted access to the trading floor consent, as a condition of their membership, employment, or access to the floor, to the interception, recording, and use of any such communication.

### **507.D. Personal Electronic Devices**

Unless permitted pursuant to Section A. above, personal electronic devices including, but not limited to, cell phones, personal digital assistants (PDAs) and other devices with email, instant messaging or other similar capabilities may be used on the trading floor only for non-business purposes.

**507.E. — Cameras and Video Equipment**

Unless expressly permitted by the Exchange, the use of any type of camera or video equipment on the trading floor is prohibited.

**508. — GIVING AND RECEIVING OF GRATUITIES**

A member, member firm, broker association or an employee of any of the foregoing may not give, directly or indirectly, to any employee of another member, member firm or broker association any gratuities or gifts with an aggregate market value in excess of \$100 within any twelve-month period.

This rule applies notwithstanding any internal policy of an entity that allows for gifts in excess of \$100. The requirements of this rule apply to both the providers and the recipients of such gifts and gratuities.

**510.-511. [RESERVED]REQUIREMENTS FOR MEMBERS AND THEIR EMPLOYEES ON THE TRADING FLOOR**

All members and their employees on the trading floor shall satisfy all orientation requirements of the Exchange. All members seeking to act as a Floor Broker, Floor Trader, or in any other capacity requiring registration pursuant to the Commodity Exchange Act, must be registered in accordance with applicable CFTC regulations.

A member shall be prohibited from engaging in activities requiring registration under the Commodity Exchange Act or from representing himself to be a registrant under the Commodity Exchange Act or the representative or agent of any registrant if such member's Floor Broker or Floor Trader registration is suspended by the CFTC or if the Exchange has suspended such member's privilege to act as a Floor Broker or Floor Trader on the Exchange.

All members registered with the CFTC must report any changes to such status in accordance with applicable CFTC regulations and must promptly notify the Shareholder Relations and Membership Services Department of any such changes.

**511. — QUALIFIED TRADERS AND BROKERS**

No member shall be permitted to execute a pit or allowable privately negotiated transaction on the Exchange unless he is qualified to do so by a clearing member.

A member shall place all trades for his own account or any account which he controls, on the books of his qualifying clearing member unless written authorization to the contrary from said clearing member has been filed with the Shareholder Relations and Membership Services Department. Regardless of such authorization, a member in a deficit position with any clearing member shall place trades only through his qualifying clearing member. Any non-qualifying clearing member that carries a member's account in a deficit position shall promptly notify the clearing member that is qualifying such member.

A member who believes his qualifying clearing member is unreasonably withholding a release necessary to permit the member to be qualified by a different clearing member may request a hearing before a Panel of the Business Conduct Committee ("Panel") pursuant to the applicable provisions of Rule 408. The Panel may, in its sole discretion, remand a dispute concerning the validity of a signed non-compete agreement between the parties to arbitration pursuant to Rule 600.A. Either party may petition the arbitration chairman for expedited handling of the matter pursuant to Rule 613.

The Panel may assess attorneys' fees and the administrative costs of the proceeding against one or both of the parties if it determines that a claim or defense was frivolous or filed in bad faith.

**511.A. — Floor Trading**

A clearing member may, without prior notice, revoke a member's authorization to trade by written revocation filed with the Shareholder Relations and Membership Services Department. Such revocation shall be effective and the member's qualification to trade shall terminate when notice of the disqualification is posted on the Exchange floor. A member shall not appear upon the floor of the Exchange until he has been requalified. A member who has been disqualified shall promptly return his membership badge to the Shareholder Relations and Membership Services Department.

**511.B. — Globex Trading**

Unless otherwise specified by a member's qualifying clearing member, a member suspended from entering orders through Globex shall not be disqualified from pit trading.

In the case of a member who has Globex access guaranteed by a clearing member other than his qualifying clearing member, the qualifying clearing member may terminate the member's ability to place orders through Globex by notifying the clearing member providing the member access to Globex. The clearing member providing the access to Globex will be responsible for ensuring that the member does not place orders through Globex.

**513.-519. [RESERVED]CONDUCT, APPAREL AND BADGES**

**513.A. — General**

Members and their employees are expected to conduct themselves on Exchange premises with dignity and integrity in order to maintain a safe workplace and the efficiency and good name of the Exchange. Members and their employees shall refrain from excessive speed in moving about the trading floors, and shall be respectful of all others on Exchange premises and shall abide by Exchange policy concerning access, conduct, and appearance. Members and their employees, while on the trading floors, shall be professionally attired in accordance with Exchange policy, and shall wear jackets bearing identification badges issued by the Exchange. Members and their employees not professionally attired in accordance with Exchange policy may be barred or removed from the trading floors. Refreshments and smoking are forbidden on the trading floors at all times.

**513.B. — Sanctions**

1. Designated Exchange officials may impose fines on members or their employees for violations of the Exchange policy concerning access, conduct, and appearance. Fines imposed pursuant to Rule 513.B.1. are final and may not be appealed.
2. A fourth violation of the Exchange policy concerning access, conduct, and appearance within a rolling 18-month period will be subject to a \$1,000 fine.
3. A fifth or subsequent violation of the Exchange policy concerning access, conduct, and appearance within a rolling 18-month period will be referred to a summary proceeding before a Panel of the Floor Conduct Committee. The Panel may impose a fine not to exceed \$5,000 per violation.
4. Notwithstanding any other provision in this Rule, the Chief Regulatory Officer shall have the authority to impose a fine not to exceed \$5,000 per offense on members and their employees for egregious violations of Rule 513.A.
5. The Market Regulation Department, at its discretion, may refer any alleged violation of Rule 513 to the Chief Regulatory Officer for consideration of charges.

#### **513.C. Hearings and Appeals**

An individual fined pursuant to Rule 513.B.2., 3. or 4. may, within 10 days of the decision, file a written appeal with the Market Regulation Department. A written appeal that fails to specify the grounds for the appeal and the specific error or impropriety of the original decision shall be dismissed. The appeal shall be heard by a Panel of the Business Conduct Committee ("BCC Panel") whose decision shall be final. The appellant shall be entitled to be represented by counsel, appear personally before the BCC Panel and present evidence that he may have in support of his appeal. The BCC Panel shall not set aside, modify or amend the appealed decision unless it determines, by majority vote, that the decision was:

1. Arbitrary, capricious, or an abuse of the Panel's or Exchange staff's discretion;
2. In excess of the Panel's or Exchange staff's authority or jurisdiction; or
3. Based on a clearly erroneous application of Exchange rules.

#### **514. TRADING INFRACTIONS**

A written complaint concerning a trading infraction pursuant to Rule 514.A. may be initiated by members, member firms, trading floor employees of members or member firms or staff of the Exchange. Charges shall be issued and hearings shall be conducted for violations of this rule in accordance with Rule 409.

#### **514.A. Definition**

The following shall constitute trading infractions:

1. a bid or offer out of line with the market;
2. a bid or offer which tends to confuse the other traders;
3. a trade through the existing bid or offer;
4. failure to confirm a transaction;
5. failure of a buyer and seller to properly notify the pit reporter of transaction prices in accordance with Rule 528 and/or failure to ascertain that such prices are properly recorded;
6. use of profane, obscene or unbusinesslike language on the trading floor;
7. use of undue force while on, entering or leaving the trading floor;
8. conduct which tends to confuse, distract, abuse or intimidate any Exchange employee;
9. conduct of an unbusinesslike nature;
10. failure to defer to a member who has clearly turned the market;
11. failure to indicate a quantity on a bid or offer; and
12. disseminating false, misleading or inaccurate quotes.

#### **514.B. Floor Conduct Committee Fining Authority**

A Panel of the Floor Conduct Committee that finds a member or his employee guilty of violating Rule 514 may impose a fine of up to \$10,000 per offense on such member or employee, except that an egregious violation of Rule 514.A.6., 7., 8. or 9. may result in a fine of up to \$20,000. Notwithstanding the above, the total fine levied by a Panel against a respondent may not exceed \$20,000 based on the single issuance of charges.

If an individual is found guilty of three violations of Rule 514.A. within a rolling one-year period, or any three violations of Rule 514.A.6., 7., 8., and/or 9., within a rolling five-year period, any subsequent alleged violation under Part A. of this rule within such period shall be reviewed by the Market Regulation Department to determine whether to forward the alleged violation to a Panel of the Floor Conduct Committee for adjudication or to investigate and refer the matter to the Chief Regulatory Officer for review. Notwithstanding the above, the Market Regulation Department may, at any time, refer matters that it deems egregious to the Chief Regulatory Officer.

### **515. REGISTRATION AND IDENTIFICATION OF BROKER ASSOCIATIONS**

#### **515.A. Definitions**

1. Floor Brokerage Activity—The execution or pre-execution handling of orders on the trading floor.
2. Broker Association—A broker association shall include an association between two or more members with trading floor access privileges, of whom at least one is engaged in floor brokerage activity, if they:
  - a. engage in floor brokerage activity on behalf of the same employer;

- b. have an employer and employee relationship which relates to floor brokerage activity;
- c. share profits and losses associated with their brokerage or trading activity; or
- d. regularly share a deck of orders.

**515.B. Registration Requirements**

1. A member of a broker association shall not handle or execute an order unless that association has registered with the Exchange.
2. Information Required — Registration shall be accomplished by filing the appropriate registration forms with the Market Regulation Department.
3. Requirement of Keeping Registration Current — It shall be the responsibility of the broker association and its principals or spokespersons to ensure that the association is properly registered. Any additions, deletions or other changes to the information already reported must be provided to the Market Regulation Department within two business days after the event giving rise to such changes.
4. The Exchange may request any additional information from a broker association as deemed appropriate.

**515.C. Prohibitions**

Members of a broker association may not share profits or losses associated with their personal trading activity by direct or indirect means.

No registered broker association or member thereof shall permit a non-member or non-member firm to have any direct or indirect profit or ownership interest in a registered broker association. Moreover, no registered broker association or member thereof shall permit a member who is not involved in the pre-execution or execution of customer orders to have any direct or indirect profit or ownership interest in a registered broker association.

**515.D. [Reserved]**

**515.E. Intra-Association Trading**

The Chairman and Vice Chairman of the Board and the Chief Executive Officer may jointly establish limits on the percentage of personal trades that a member of a broker association may trade opposite other members of broker associations with which he is affiliated.

The Chairman and Vice Chairman of the Board and the Chief Executive Officer may jointly establish limits on the percentage of orders that a member of a broker association may fill opposite other members of broker associations with which he is affiliated.

The liquidity of a contract and any other conditions determined to be relevant will be considered when determining to impose the trading restrictions set forth above. The trading restrictions shall apply only during Regular Trading Hours to the most active month or months of any contract. Compliance shall be measured separately for each full calendar month.

The Market Regulation Department may grant exceptions to the trading restrictions in circumstances where a broker association can demonstrate that compliance with the limits may reduce liquidity or impede the creation of new business in the affected market.

**515.F. Broker Association Enforcement Program**

Percentage Restrictions on Personal Trading and the Execution of Orders

A letter of warning shall be issued for a first occurrence of exceeding the percentage restriction on personal trading or the execution of customer orders in contracts subject to the trading restrictions in Section E. Subsequent occurrences within 24 months shall result in automatic fines in accordance with the following schedule:

Second occurrence	\$1,000
Third occurrence	\$5,000
Subsequent occurrences	\$10,000

Letters of warning and fines issued pursuant this section are final and may not be appealed; however members will have 15 days after receipt of a letter of warning or a fine to present evidence to the Market Regulation Department that administrative, clerical or other errors caused the apparent rule violation.

Notwithstanding the provisions of this section, the Market Regulation Department may, at any time, refer matters that it deems egregious to the Chief Regulatory Officer for consideration of charges.

**516. ERROR ACCOUNTS**

Each member who acts as a Floor Broker must maintain a designated error account with his qualifying clearing member into which he places brokerage errors. This requirement shall not apply to a Floor Broker who initiates trades or enters orders solely on behalf of a member firm's proprietary account.

Each qualifying clearing member which carries an error account agrees, without qualification, to accept and clear the broker's trades involving brokerage errors.

**517-519. [RESERVED]**

**521. [RESERVED] REQUIREMENTS FOR OPEN OUTCRY TRADES**

In open outcry trading, bidding and offering practices must at all times be conducive to the competitive execution of transactions. All open outcry transactions, including spread and combination transactions, shall be made openly and

~~competitively in the pit designated for the trading of the particular transaction. No bid or offer shall be specified for acceptance by a particular trader. Transactions may take place only at the best price available in the open outcry market at the time the trade occurs.~~

~~It shall be the duty of both traders to confirm their trades as to the price, quantity, commodity, contract month, respective clearing members and, for options, strike price, put or call and expiration month. Confirmation shall take place as soon as possible, but in no event more than 15 minutes after the trade.~~

**522. ACCEPTANCE OF BIDS AND OFFERS**

~~In ~~open outcry and~~ electronic trading, while outstanding, all or any part of any bid or offer is subject to immediate acceptance by any trader. Members are required to honor all bids or offers which have not been withdrawn from the market. The price at which a trade is executed shall be binding, unless such trade is cancelled by Exchange officials in accordance with Exchange rules.~~

**523. RESERVED ALL-OR-NONE TRANSACTIONS**

~~The Exchange shall determine the minimum thresholds for and the commodities in which All-or-None transactions shall be permitted. The following shall govern All-or-None trading:~~

~~1. A member may request an All-or-None bid and/or offer for a specified quantity at or in excess of the applicable minimum threshold. Such request shall be made in the pit designated for the trading of the particular transaction.~~

~~2. A member may respond by quoting an All-or-None bid or offer price. A bid or offer in response to an All-or-None request shall be made only when it is the best bid or offer in response to such request, but such price need not be in line with the bids and offers currently being quoted in the regular market.~~

~~3. A member shall not execute any order by means of an All-or-None transaction unless the order includes specific instructions to execute an All-or-None transaction or the All-or-None bid or offer is the best price available to satisfy the terms of the order.~~

~~4. An All-or-None bid or offer may be accepted by one or more members provided that the entire quantity of the All-or-None order is executed at a single price and that each counterparty to the order accepts a quantity at or in excess of the designated minimum counterparty threshold. Each order executed opposite an All-or-None order must be for a quantity that meets or exceeds the minimum counterparty threshold. Separate orders may not be bunched to meet the minimum counterparty threshold.~~

~~5. All-or-None transactions shall not set off conditional orders (e.g., Stop Orders and MIT Orders) or otherwise affect orders in the regular market.~~

~~6. All-or-None transactions must be reported to a designated Exchange official who shall record and publish the quantity and prices separately from reports of transactions in the regular market. The brokers executing All-or-None transactions must maintain a record of said transaction in accordance with Rule 536~~

**527. OUTTRADES, ERRORS AND MISHANDLING OF ORDERS**

**527.A. Outtrades Discovered During a Regular Trading Hours Trading Session**

~~It shall be the duty of a member discovering an outtrade during a Regular Trading Hours session to immediately notify the opposite trader. Thereafter, if the matter cannot be resolved between the parties, they shall immediately determine who will cover the trade and the trade shall immediately be covered.~~

**527.B. Outtrades Discovered After a Regular Trading Hours Trading Session**

~~A clearing member that is unable with diligent effort to resolve an outtrade with another clearing member shall notify the member who executed the trade. Such notice shall be given prior to the following day's Regular Trading Hours session in sufficient time to allow the member to make provisions for the resolution of the outtrade.~~

~~Outtrades discovered after a Regular Trading Hours session shall be resolved between the parties to the outtrade as provided in this rule, no later than the opening of trading of the next Regular Trading Hours session.~~

**527.C. Outtrades Resolution**

~~To resolve an outtrade, the parties shall attempt to agree upon: (1) the reconciliation of any discrepancy in the terms of the trade, (2) which party will cover the trade and the method for covering the trade, if applicable, and (3) the apportionment of the financial results of the outtrade. In the event the parties are unable to agree on the apportionment of the financial results, the parties must nevertheless immediately reconcile the outtrade.~~

~~The price at the time of the open of the next Regular Trading Hours session shall fix the limit of liability as a result of the outtrade. Regardless of the ultimate determination of financial responsibility for the outtrade, a party who unreasonably refuses to cover the outtrade via an appropriate alternate market may be liable to the other party for the difference between the price at which the outtrade could have been covered in the alternate market and the price at the time of the open of the next Regular Trading Hours session.~~

~~Outtrades shall be resolved in accordance with the procedures below:~~

~~1. Straight Out Customer Outtrades~~

~~If a floor broker discovers that all or some portion of a customer order was executed but cannot be cleared, the broker shall either 1) re-execute the order in the market and adjust the customer by check if the re-execution price is worse than the original execution price, or, if the re-execution price is better than the original execution price, the customer is entitled to the better price or 2) assign the opposite side of the portion that cannot be cleared to his error account and assign a fill to the customer at the execution price. The floor broker shall not liquidate the assigned position until at least ten minutes have elapsed after the execution of the order giving rise to the outtrade~~

and the bracket period in which the outrade occurred has ended; however, these liquidation restrictions shall not apply to a liquidation during the post close session. Any profits or losses resulting from the liquidation of the assigned position belong to the floor broker and any such profits may be retained or disbursed at his discretion.

A floor broker who assigns the opposite side of an order pursuant to this rule shall: 1) clearly identify all such transactions by appropriate designation; 2) submit such trade information to his qualifying clearing member in sufficient time to enable the clearing member to submit the trade for the next intra-day reconciliation; 3) document in writing the circumstances surrounding any such transaction and promptly provide such documentation to the Market Regulation Department upon request; and 4) identify the subsequent liquidation of the assigned trade on the floor broker's trading card or other document.

#### 2.—Price Outtrades

When an outrade exists due to a price discrepancy, members making the trade may choose to resolve the discrepancy by electing either of the two prices in question, if they agree that the trade was executed at that price.

If an outrade involves a price discrepancy between a local and a broker, and the members cannot agree on the price of execution, the price recorded by the broker shall be used to clear the trade.

If an outrade between locals or an outrade between brokers involves a price discrepancy, and the members cannot agree on the price of execution, the buyer's price shall be used to clear the trade.

#### 3.—Quantity Outtrades

When an outrade exists due to a quantity discrepancy, members making the trade may choose to resolve the discrepancy by electing either of the two quantities in question, if they agree that the trade was executed for that quantity.

If an outrade between locals involves a quantity discrepancy and the members cannot agree on the quantity that was executed, the higher quantity shall be used to clear the trade.

A broker may assign the opposite side of any quantity which he believes that he has executed, but which cannot be cleared, to his error account, pursuant to Section 1 above.

#### 4.—Bona Fide Contract Month, Strike, Put vs. Call and Side of Market (Buy vs. Buy or Sell vs. Sell) Outtrades

When an outrade exists due to a contract month, strike price, side of market, or put/call discrepancy, and any party who executed a customer order believes that the order was executed in accordance with its instructions, the outrade may be resolved in any one of the following ways:

a.—The trade may be busted. If a broker re-executes his order, any losses incurred by the customer as a result of the delay in execution must be adjusted by check. If the order is executed at a more favorable price, the customer is entitled to the better price.

b.—The members making the trade(s) may agree to clear either trade or both trades in accordance with the members' recorded trade data.

c.—A broker may assign the opposite side of his order to his error account, pursuant to Section 1. above, and he may agree to the clearing of the transaction according to the terms of the other member's recorded trade data.

d.—If both members involved in the outrade are brokers, they may each assign the opposite side of their respective orders to their error accounts pursuant to Section 1. above.

A customer shall not be entitled to any portion of any profits realized by a local who was on the opposite side of an outrade between the local and the customer's broker, as a result of the local's liquidation of his position. Such profits belong to the local, and may be retained or disbursed at his discretion. If the local chooses to disburse any portion of such profits to the broker, and the broker's customer has received a fill in accordance with the broker's recorded trade data, the broker is not obligated to offer such profits to his customer.

Nothing herein shall in any way limit a member's right to submit an outrade to Exchange arbitration if the outrade cannot be resolved by agreement.

#### 527.D.—Errors and Mishandling of Orders

[The remainder of the rule is unchanged.]

528.

#### **[RESERVED]PRICE REPORTING**

Parties to a pit transaction shall properly notify the designated Exchange official of the price at which trades have been consummated. Both parties to a pit trade are required to ensure that such price is properly posted.

Whenever a member makes a trade with another member and such trade constitutes a price infraction, he shall 1) immediately break the trade; or 2) satisfy all bids or offers which were adversely affected; or 3) adjust the price of the trade to the price which existed when the price infraction occurred, provided that both parties agree to adjust the price and the terms of any affected orders are satisfied.

The Exchange will report all swap trades, including any block trades which includes a swap, as required by applicable CFTC Regulations to CME SDR. The Exchange will disseminate swap transaction and pricing data relating to swap trades no earlier than the transmittal of such information to the CME SDR. The Exchange will record and report to the CFTC all data required to be reported to the CFTC under Part 16 of the CFTC Regulations in the form and manner required by such regulations. Parties to swap trades will be required to provide the Exchange with information, as specified by the Exchange from time to time, to facilitate the Exchange's reporting obligations. In all cases, however, the parties to every trade on the Exchange will be separately responsible for compliance with their own reporting obligations, if any, with respect to such trades under applicable CFTC Regulations.



**530. PRIORITY OF CUSTOMERS' ORDERS<sup>2</sup>**

A member shall not buy (sell) a futures contract, buy (sell) a call option, sell (buy) a put option or a swap for his own account, an account in which he has a direct or indirect financial interest, or an account over which he has discretionary trading authority when he is in possession of an executable order for another person to buy (sell) a futures contract, buy (sell) a call option, sell (buy) a put option, or a swap in the same product, regardless of the venue of execution. All contract months in a given futures product, all options on the futures product, and swap products in addition to any corresponding alternative sized (mini or micro) futures or options contracts on a given product or a swap, shall be considered the same product for the purposes of this rule.

The foregoing shall not apply to DRT orders provided that the customer has previously consented in writing and evidence of such general consent is indicated on the order with the "WP" (with permission) designation. In the case of a ~~member~~~~Floor Broker~~ holding a discretionary order for an account described in Rule 547, a "WP" designation on the order shall constitute sufficient evidence of prior consent.

[The remainder of the rule is unchanged.]

**531. TRADING AGAINST CUSTOMERS' ORDERS PROHIBITED**

**531.A. General Prohibition**

No person in possession of a customer order shall knowingly take, directly or indirectly, the opposite side of such order for his own account, an account in which he has a direct or indirect financial interest, or an account over which he has discretionary trading authority.

**531.B. Exceptions**

The foregoing restriction shall not apply to the following:

1. Transactions executed in accordance with Rule 527 to resolve bona fide ~~outrades~~ or errors;
2. Transactions executed pursuant to Rule 538;
3. Block trades executed pursuant to Rule 526; ~~and~~
4. On the Globex platform, a person may knowingly trade against his customer order for his own account, an account in which he has a direct or indirect financial interest, an account over which he has discretionary trading authority, or a proprietary account of his employer, only if the customer order has been entered immediately upon receipt and has first been exposed on the Globex platform for a minimum of 5 seconds in the case of futures or swaps orders or for a minimum of 15 seconds in the case of options orders; ~~and~~
5. ~~If the transaction was pit traded, a person may knowingly trade against his customer order for his own account, an account in which he has a direct or indirect financial interest, an account over which he has discretionary trading authority, or a proprietary account of his employer, only if: (i) the customer has consented in writing to waive the application of Rule 531.A. no more than 12 months prior to the transaction; (ii) the member complies with the requirements set forth in Rule 533 (iii) the member clearly identifies, by appropriate descriptive words, all such transactions, and (iv) the member ensures that it is reported to Exchange price reporting staff for entry into the Exchange Price Reporting System as a cross trade.~~

**532. DISCLOSING ORDERS PROHIBITED**

With the exception of transactions executed in accordance with the requirements of Rules 526, 538 and 539, no person shall disclose another person's order to buy or sell except to a designated Exchange official or the CFTC, and no person shall solicit or induce another person to disclose order information. ~~An order for pit execution is not considered public until it has been bid or offered by open outcry.~~ No person shall take action or direct another to take action based on non-public order information, however acquired. The mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of this rule.

**533. SIMULTANEOUS BUY AND SELL ORDERS FOR DIFFERENT BENEFICIAL OWNERS**

~~A member who is in possession of both buy and sell orders for different beneficial owners for the same product and expiration month, and, for a put or call option, the same strike price, may execute such orders for and directly between such beneficial owners provided that in pit trading, a member executing such orders shall first bid and offer by open outcry three times at the same price, stating the number of contracts, and, thereafter, if neither the bid nor the offer is accepted, the orders may be matched in the presence, and with the approval, of a designated Exchange official.~~

~~The member making such transactions shall, by appropriate descriptive words or symbols, clearly identify all such transactions on his trading card or other similar record made at the time of the execution. The member executing such trade must ensure that it is reported to Exchange price reporting staff for entry into the Exchange Price Reporting System. Failure to identify the transaction to Exchange price reporting staff as a cross trade shall constitute a violation of this rule.~~

On the Globex platform, opposite orders for different beneficial owners that are simultaneously placed by a party with discretion over both accounts may be entered into the Globex platform provided that one order is exposed for a minimum of 5 seconds ~~in the case of futures or swaps orders or a minimum of 15 seconds in the case of options orders.~~ An order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite another order entered by the same firm only if this other order has been entered immediately upon receipt and has been exposed on the Globex platform for a minimum of 5 seconds ~~for futures orders or swaps, or a minimum of 15 seconds for options orders.~~

<sup>2</sup> Revised June 2008; September 2009.

**535. [RESERVED] RESPONSIBILITY OF FLOOR TRADERS AND FLOOR BROKERS**

Every Floor Trader and Floor Broker shall assist his clearing member in the clearing of his trades. Every Floor Trader and Floor Broker must leave contact information with the clearing member through which or for which he has traded in order that he may be contacted during the balance of the day in the event there is a discrepancy in the clearing of his trades.

Each Floor Trader and Floor Broker or his designated representative must be available on the trading floor to resolve outrades in contracts in which he executed trades on the previous day no later than 30 minutes prior to the opening of the relevant market (or at such other times as may be designated by Exchange officials). If the trader or broker or his designated representative is not present during such period, the clearing member through which or for which the trader or broker has traded shall be authorized to resolve any outrade in the manner it deems appropriate, but such resolution shall not be determinative of the liability of any party to the outrade.

**536. RECORDKEEPING REQUIREMENTS FOR PIT, GLOBEX, AND NEGOTIATED TRADES**

**536.A. [Reserved] General Requirements for Open Outcry Pit Trades**

At the time of execution, it shall be the duty of every member to record each trade made for an account the member owns or controls showing the date, price, quantity, product, expiration month, bracket symbol, opposite trader, opposite clearing member and, for options, put or call and strike price. Floor brokers executing an order shall record their trading symbol, price, quantity, bracket, opposite trader and clearing member. Trades or order executions must either be recorded on an approved electronic device or, if recorded on written records, in non-erasable ink.

Members must designate on the trading document used to record a trade whether such trade is a spread trade and record "D" for single line entry differential spreads and "6" for all other spreads.

A member may correct any errors on written trading records by crossing out erroneous trade information without obliterating or otherwise making illegible any of the originally recorded information.

Each member shall provide his clearing member with any trading documents which are relied upon for transactional information necessary for submission to the clearing system containing those trades that have been executed thus far during that day. Trading documents include trading cards of members' personal and proprietary trades, trading cards of one member reflecting trades executed on behalf of another member and floor order tickets. Such trading documents must be submitted and timestamped no later than 15 minutes after the end of each half-hour interval. If a broker has only partially filled an order at the end of a half-hour period, he does not have to submit the document used to record the execution to the appropriate clearing member until the entire order has been filled, the unexecuted portion of the order is cancelled, or the market has closed for that contract, whichever occurs first.

In addition, each member must maintain, and is accountable for, all other documents on which original trade information is recorded, whether or not such information is subsequently endorsed on an order ticket or entered into an approved electronic device. Trading cards used to record the execution of flashed or electronically transmitted orders are not required to have the member's trading symbol pre-printed on them, but such cards must be visually distinct from the pre-printed trading cards used by the member to record trades for accounts he owns or controls.

The correct bracket symbol in accordance with the list below must be recorded for each pit trade.

<u>Time Intervals</u>	<u>Bracket Code</u>
Unknown to data entry operator	?
Opening range for each contract	\$
Closing range for each contract	%
Post Close Session	#
7:00:00 a.m. – 7:14:59 a.m.	A
7:15:00 a.m. – 7:29:59 a.m.	B
7:30:00 a.m. – 7:44:59 a.m.	C
7:45:00 a.m. – 7:59:59 a.m.	D
8:00:00 a.m. – 8:14:59 a.m.	E
8:15:00 a.m. – 8:29:59 a.m.	F
8:30:00 a.m. – 8:44:59 a.m.	G
8:45:00 a.m. – 8:59:59 a.m.	H
9:00:00 a.m. – 9:14:59 a.m.	I
9:15:00 a.m. – 9:29:59 a.m.	J
9:30:00 a.m. – 9:44:59 a.m.	K
9:45:00 a.m. – 9:59:59 a.m.	L

<u>Time Intervals</u>	<u>Bracket Code</u>
10:00:00 a.m.—10:14:59 a.m.	M
10:15:00 a.m.—10:29:59 a.m.	N
10:30:00 a.m.—10:44:59 a.m.	O
10:45:00 a.m.—10:59:59 a.m.	P
11:00:00 a.m.—11:14:59 a.m.	Q
11:15:00 a.m.—11:29:59 a.m.	R
11:30:00 a.m.—11:44:59 a.m.	S
11:45:00 a.m.—11:59:59 a.m.	T
12:00:00 p.m.—12:14:59 p.m.	V
12:15:00 p.m.—12:29:59 p.m.	W
12:30:00 p.m.—12:44:59 p.m.	X
12:45:00 p.m.—12:59:59 p.m.	Y
1:00:00 p.m.—1:14:59 p.m.	Z
1:15:00 p.m.—1:29:59 p.m.	2
1:30:00 p.m.—1:44:59 p.m.	3
1:45:00 p.m.—1:59:59 p.m.	4
2:00:00 p.m.—2:14:59 p.m.	5
2:15:00 p.m.—2:29:59 p.m.	6
2:30:00 p.m.—2:44:59 p.m.	7
2:45:00 p.m.—2:59:59 p.m.	8
3:00:00 p.m.—3:15:00 p.m.	9

~~Trades that are not recorded contemporaneously due to an error or an outtrade shall be recorded on the member's next pre-printed, sequentially numbered trading card. If the trade is not recorded in sequence, the member must cross out the pre-printed sequence number and write "9999" on the card. In any situation where someone other than the member is resolving a member's outtrades, the outtrade clerk or broker's clerk may use a blank card and write "9999" on the card to denote that it is out of sequence. The person resolving the outtrade for a member must initial the card. Firms must enter an "E" into the order type field to identify any errors placed into a firm error account.~~

~~1.—Customer Orders~~

~~At the time of execution, every order received from a customer must be in the form of a written or electronic record and include an electronic timestamp reflecting the date and time such order was received on the floor of the Exchange and, except as provided in Section C., must identify the specific account(s) for which the order was placed. Such record shall also include an electronic timestamp reflecting the date and time such order was modified, returned, confirmed or cancelled.~~

~~Upon request, a clearing firm must provide its broker, in an expeditious and reasonable manner, with a copy of every floor order such broker is asked to execute.~~

~~2.—Individual Member Orders~~

~~a.—A member on the trading floor who enters an order with another member shall record the order instructions and the time of placement to the nearest minute in sequence with the other trades recorded on his pre-sequenced trading cards, unless such order is immediately entered into an approved electronic device or recorded pursuant to Section 2.b. below. Orders that involve options-futures combinations and other spread trades where the initiating member personally executes at least one leg of the spread shall not be subject to this requirement.~~

~~—The member executing the order must record the time of execution to the nearest minute for each execution made for the order on the trading card or other document used to record the trade(s) and must return this card or document to the initiating member.~~

~~—The trading card used to record the placement of the flashed or verbal order and any trading card or document used to record the execution of the order must be submitted together to the clearing member by the member placing the order or his representative. —~~

~~b.—Every written order that is initiated by a member for his own account while on the trading floor must include~~

an electronic timestamp reflecting the date and time such order was transmitted for execution and when such order was modified, returned, confirmed or cancelled.

- c. A member or his employee standing in a trading pit receiving an order directly over a headset for pit execution from an off-floor member for his account must simultaneously make a written record of the order on a trading card or other document including the identification of the member calling in the order unless such order is immediately entered into an approved electronic device. The member executing the order must record the time of execution to the nearest minute for each execution made for the order on any trading card or other document used to record the trade(s) and must return this card or document to the initiating member's clearing member.

### 3. Proprietary Orders of Clearing Members and Certain Member Entities

Upon receipt on the floor of the Exchange, an order placed for the proprietary account of a member firm must be in the form of a written or electronic record that includes an electronic timestamp reflecting the date and time such order was received on the floor and must identify the specific account(s) for which the order was placed. Such record shall also include an electronic timestamp reflecting the date and time such order was modified, returned, confirmed or cancelled.

Orders placed by an employee of a member firm for its proprietary account that are entered directly to the pit via headset with another employee of the member firm do not require a written and timestamped order ticket provided that the order is executed by a member employee of the member firm and such member records the time of execution to the nearest minute for each execution made for the order on the trading card or other document used to record the trade(s).

### 4. Trades Made by Members for Accounts Owned or Controlled by Such Member

Each member executing transactions on the trading floor for such member's personal account or an account controlled by such member who uses trading cards as the original record of such transactions must use pre-printed sequentially pre-numbered trading cards. A new trading card must be used at the beginning of each time bracket.

Each member who uses such trading cards must record the transactions in non-erasable ink in exact chronological order of execution on sequential lines of the trading card, and no lines may be skipped. Any lines that remain after the last execution recorded on a trading card must be marked through. All transactions which are recorded on a single trading card must be recorded on the same side of such trading card. No more than six transactions may be recorded on each trading card. Trading card sequence numbers must be unique during a one-week period.

The trading cards must contain pre-printed member identification which will include, but will not be limited to, the trading acronym and the full name of the member. The trading cards must also contain preprinted bracket designations.

Members who use an approved electronic device to record their trades, whether as an original record, or subsequent to recording their trades on trading cards, must record their trades on the device in the exact sequence in which they were executed and must ensure that the correct time bracket is entered for each transaction.

Members trading for an account they own or control shall be accountable for their pre-printed sequentially numbered trading cards, including those cards which are unused or voided.

[Section B. is unchanged.]

### 536.C. Bunched Orders and Orders Eligible for Post Execution Allocation

Bunched orders must be allocated and recorded in accordance with CFTC Regulation 1.35(b) and the NFA's Interpretive Notice related to Compliance Rule 2-10.

A bunched order for pit execution does not require the specific account number to be recorded at the time of order placement or upon the report of execution provided that 1) the order is being placed by an eligible account manager for multiple accounts eligible for post execution allocation or 2) a written, pre-determined allocation scheme has been provided to the futures commission merchant accepting or clearing the order prior to the time the order has been placed. Additionally, at the time of receipt on the trading floor, bunched orders that do not contain specific account numbers must contain a series, group, or suspense account indicator which relates directly to the group of accounts for which the order has been placed. A bunched order may be initially cleared into a suspense account provided that the final account-specific allocations are submitted to the clearing system no later than the end of each trading day.

Bunched orders for non-discretionary accounts may be entered for pit execution; however, only the following order types may be bunched: Market on Open, Market on Close, same-priced Limit Orders and same-priced Stop Orders. Such non-discretionary orders may only be bunched in the following instances:

- a. Each order underlying the bunched order must be reduced to writing and include the information required pursuant to Section A.1. above;
- b. Allocation of the executions for the bunched orders must be fair and equitable in accordance with the NFA's Interpretive Notice related to Compliance Rule 2-10; and
- c. In circumstances where the order is bunched in a member firm's sales office, the party accepting the order must, contemporaneously with the order placement, transmit the individual account numbers and quantities associated with the bunched order to the clearing member firm. Such transmission shall be maintained by the clearing member firm along with the bunched order.

[The remainder of the section is unchanged.]

### 536.D. Customer Type Indicator (CTI) Codes

Each clearing member must identify each transaction 1) ~~executed on the trading floor,~~ 2) executed on the Globex platform or 3) privately negotiated as a block trade pursuant to Rule 526 or an EFRP pursuant to Rule 538 on the record of the transaction submitted to the Exchange with the correct customer type indicator (CTI) code. The CTI codes

are as follows:

CTI 1: Electronic Trading, ~~Open Outcry~~ and Privately Negotiated – Applies to transactions initiated and executed by an individual member for his own account, for an account he controls, or for an account in which he has an ownership or financial interest. However, transactions initiated and executed by a member for the proprietary account of a member firm must be designated as CTI 2 transactions.

CTI 2: Electronic Trading, ~~Open Outcry~~ and Privately Negotiated – Applies to orders entered or trades executed for the proprietary accounts of a member firm, including Rule 106.H., I., J., R. and S. firms.

CTI 3: Electronic Trading – Applies to orders entered by a member or a nonmember terminal operator for the account of another individual member or an account controlled by such other individual member.

CTI 3: ~~Open Outcry and~~ Privately Negotiated – Applies to orders that a member executes on behalf of another individual member, or for an account such other member controls or in which such other member has an ownership or financial interest.

CTI 4: Electronic Trading, ~~Open Outcry~~ and Privately Negotiated – Applies to all orders and transactions not included in CTI categories 1, 2 or 3. These typically are orders entered by or on behalf of nonmember entities.

[Section E. is unchanged.]

**536.F. Audit Trail Violations~~CTR Enforcement Program and Sanction Schedule~~**

A member's failure to comply with any provision of this rule may result in the imposition of summary penalties by the Market Regulation Department pursuant to the provisions of Rule 512.

CTR-Monthly Enforcement Program

~~The CTR threshold levels for members with 100 or more transactions per month are as follows:~~

<del>Exception Type</del>	<del>Threshold Level</del>
<del>Bracket Exceptions</del>	<del>8% and above</del>
<del>Time of Execution for</del>	
<del>Verbal Orders</del>	<del>8% and above</del>
<del>Sequence Errors</del>	<del>8% and above</del>

~~A letter of warning shall be issued for a first occurrence of exceeding any threshold. Subsequent occurrences within 12 months of exceeding a threshold shall result in automatic fines starting at \$1,000, and then increasing to \$2,500 and \$5,000 for each subsequent occurrence. Fifth and subsequent offenses within a 12 month period will be referred to the Chief Regulatory Officer for consideration of charges.~~

~~A member will have 15 days after receipt of a letter of warning or a fine to present evidence to the Market Regulation Department in support of having the letter of warning or fine dismissed showing that administrative, clerical, or other errors by the clearing firm caused the member to exceed the threshold level. If the member does not submit such evidence, or if the Market Regulation Department determines that the evidence submitted is insufficient to reduce the percentage below the threshold level, the letter of warning or fine shall be final and may not be appealed.~~

~~The monthly CTR threshold for timestamp exceptions for firms with 1,000 or more transactions per month is 8% and above. A letter of warning shall be issued for a first occurrence of exceeding the threshold. Subsequent occurrences within 12 months of exceeding the threshold shall result in automatic fines starting at \$1,500 for the second occurrence, then increasing to \$5,000 and \$10,000 for each subsequent occurrence.~~

~~A firm will have 15 days after receipt of a letter of warning or a fine to present evidence to the Market Regulation Department in support of having the letter of warning or fine dismissed. If the firm does not submit such evidence, or if the Market Regulation Department determines that the evidence submitted is insufficient to reduce the percentage below the threshold level, the letter of warning or fine shall be final and may not be appealed.~~

CTR Clearing Member Back Office Audit Enforcement Program

~~The Market Regulation Department will conduct audits of clearing members to verify that required audit trail information has been accurately recorded and submitted. The CTR audit threshold level for firms failing to pick up and timestamp sequenced cards, verbal order cards and floor orders is 20%. The threshold for all other firm audit trail or recordkeeping deficiencies is 10%.~~

~~Percentage calculations will be made based on an examination of a combination of sequenced cards, verbal orders and floor orders totaling 150 documents. The number of documents containing a deficiency(ies) will be divided by the total number of documents examined in determining the deficiency percentage.~~

~~Violations of each threshold within 24 months shall be subject to automatic fines starting at \$2,500 for a first occurrence, then increasing to \$5,000 and \$10,000 for each subsequent occurrence.~~

~~A firm will have 15 days after receipt of a fine to present evidence to the Market Regulation Department in support of having the fine dismissed. If the firm does not submit such evidence, or if the Market Regulation Department determines that the evidence submitted is insufficient to reduce the percentage below the threshold level, the fine shall be final and may not be appealed.~~

~~Notwithstanding the provisions of this Section, the Market Regulation Department may, at any time, refer matters that it deems egregious to the Chief Regulatory Officer for consideration of charges.~~

**536.G. [Reserved]~~Telephone Recordings~~**

~~Unless specifically exempted by the Market Regulation Department or designated Exchange staff, all headset communications used in and around trading pits on the trading floor must be voice recorded. Members and member firms are permitted to utilize their own recording devices, provided that the devices meet reasonable standards with respect to quality and reliability. Alternatively, members and member firms may utilize an Exchange administered voice recording system for a fee.~~

**536.H. Retention of Records**

Each member and member firm and employees of the foregoing must keep full, complete and systematic records, including records created or transmitted electronically, together with all pertinent data and memoranda, of all transactions relating to its business of dealing in commodity interests and related cash or forward transactions in accordance with CFTC Regulation 1.35. Written and electronic records must be retained for a minimum of five years in permanent form. Oral communications required to be recorded pursuant to CFTC Regulation 1.35(a) must be retained for a minimum of one year past the date on which the oral communication occurred. ~~Oral communications recorded by the Exchange pursuant to Section G, will be maintained by the Exchange for a minimum of one year past the date on which the oral communication occurred.~~

All records required to be retained shall at all times be open to inspection by Exchange staff or any representative of the CFTC or the United States Department of Justice.

540.

**RESPONSIBILITY FOR CUSTOMER ORDERS**

**540.A. Standard of Responsibility**

A Member (as defined in Rule 400) shall exercise due diligence in the handling and execution of customer orders. Failure to act with due diligence shall constitute negligence. In the case of a dispute as to whether a Member has exercised due diligence, the appropriate arbitration or disciplinary committee is authorized to determine whether the Member was negligent and, if so, whether an adjustment is due to the customer. The committee may take into consideration the nature of the order and existing market conditions, ~~including the existence of a "fast market" (a designation invoked to reflect rapid price changes and volatile market conditions in the pit),~~ at the time the Member acted or failed to act. However, no market condition nullifies a Member's responsibility to exercise due diligence.

A Member is prohibited from directly or indirectly guaranteeing the execution of an order or any of its terms such as the quantity or price. A Member may only report an execution that has ~~occurred as a result of open outcry,~~ has been effected through the Globex platform, or has been executed as a permissible privately negotiated transaction. This rule shall not be construed to prevent a Member from assuming or sharing in the losses resulting from an error or the mishandling of an order.

**540.B. Liability for Negligence**

A Member may not adjust the price at which an order was executed or be held responsible for executing or failing to execute an order unless such Member was negligent or is settling a bona-fide dispute regarding negligence.

A member firm may not compel an adjustment from a Member in the absence of a bona-fide dispute regarding negligence.

Clearing members shall document all adjustments. Clearing members shall make and retain a record which contains the date the adjustment was received, the name of the Member making the adjustment, the account to which the adjustment was credited, the amount of the adjustment, the order number and the reason for the adjustment. Such records must be provided to the Market Regulation Department upon request.

544.-5465.

[RESERVED]

546.

**OPENING AND CLOSING RANGES DURING REGULAR TRADING HOURS**

~~Opening and closing ranges shall be established by Exchange staff in consultation with the Pit Committee.~~

~~In the event of a disputed opening or closing range or a trade during the opening or closing range that is conspicuously out of line with the market, the final determination of the opening or closing range shall be made by Exchange staff in consultation with the Pit Committee. A change in the opening range will be allowed only if the request for a change is made within 15 minutes of the posting of the range. A change in the closing range will be allowed only if the request for a change is made within 10 minutes of the posting of the range.~~

548.

**PRIORITY OF EXECUTION<sup>3</sup>**

~~In-pit trading, non-discretionary customer orders shall be executed in accordance with their price and time priority. A member shall not execute a discretionary order, including, without limitation, an order allowing the member discretion as to time and price, while in possession of an executable customer order. No person shall allocate executions in any manner other than an equitable manner.~~

Non-discretionary customer orders received by a Globex Terminal Operator shall be entered into Globex in the sequence received. Non-discretionary orders that cannot be immediately entered into Globex must be entered when the orders become executable in the sequence in which the orders were received.

549.-552.

[RESERVED]

550.

**POST CLOSE SESSION**

~~As soon as practicable, trading may resume for a period of five minutes after the close of Regular Trading Hours for designated pit traded options contracts. Such trading must begin within 15 minutes after the close of Regular Trading Hours unless a later start time is approved by an Exchange Official.~~

<sup>3</sup>Revised June 2008.

~~During the post close session, members are obligated to bid or offer any orders that were received prior to or after the close which are executable in the post close session.~~

~~Outright options and options-only spread and combination trades during the post close session may occur at any price. An option spread which includes a futures leg executed during the post close session may occur at any price, provided that the futures leg is priced within the daily price limits for futures contracts with price limits.~~

~~The prices at which trades occur during the post close session may establish a new high or low in the outright contract month or spread or combination.~~

~~Except as otherwise specifically set forth in this rule, the rules applicable to trading during Regular Trading Hours shall be applicable to trading during the post close session.~~

~~551.-552.~~ **[RESERVED]**

**574. GLOBEX ACCESS RESTRICTIONS**

All connections to the Globex system must be guaranteed by a clearing member that assumes financial responsibility for all activity through the connection. With respect to transactions given up to other clearing members, such guarantee is effective only until such time that the other clearing member accepts the trade.

All individuals entering non-member customer orders in other than a clerical capacity must have appropriate CFTC registration. Non-member customer orders may be entered only from ~~designated areas on the floor of the Exchange or from~~ the premises of an entity registered to conduct customer business.

[The remainder of the rule is unchanged.]

**589. SPECIAL PRICE FLUCTUATION LIMITS**

[The introduction and Sections A.-C. are unchanged.]

**589.C. ~~Reserved~~ Price Fluctuation Limits on Trading Floor (Floor Trading)**

~~The special price fluctuation limits cited in Section A. of this Rule shall be applicable to all products in the Table that are traded via open outcry on the trading floor. Trades occurring via open outcry on the trading floor shall not constitute a triggering event for purposes of a temporary trading halt.~~

~~In all instances in which a temporary trading halt in the lead contract month of the primary futures contract occurs on Globex, floor trading in all contract months in any option related to the primary futures contract or in an option contract related to any associated product of the primary futures contract shall be subject to a coordinated temporary trading halt.~~

~~Whenever Globex markets are re-opened with expanded price limits pursuant to the provisions of Section B. of this Rule, the affected markets on the trading floor shall simultaneously re-open with expanded price limits.~~

[The remainder of the rule is unchanged.]

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 5**

**ACCESS, CONDUCT AND APPEARANCE CODE**

It is imperative that persons who utilize the Exchange Trading Floors ("trading floor") maintain a proper and businesslike atmosphere on the trading floor. This is not only for the benefit of the thousands of visitors (ranging from U.S. government officials to foreign dignitaries to the general public) who come to the Exchange each year, but also to maintain and enhance the reputation and dignity of the Exchange as an international marketplace.

Accordingly, the Exchange has established rules governing access to and conduct on the trading floor as well as standards of appearance. These rules and standards apply to members and their employees, member firm employees, Exchange employees and visitors.

**I. ACCESS**

A. ~~To gain access to the trading floor, every member, member's employee, member firm employee, and Exchange employee must use only his own personal access card to gain access to the trading floor. Exchange trading floor employees, other Exchange employees routinely on the trading floor and members must display their personal access card or their Exchange issued identification badge. Non-member employees of members and member firms must display their personal access cards on the upper front of their jackets with the picture side facing outward. Broker assistants must also wear a badge provided by the Exchange that identifies them as broker assistants.~~

B. ~~Members are required to register and accompany their visitors and are responsible for their actions while they are on the trading floor. Visitors must wear appropriate attire that is clean and presentable and are not allowed in any pit during trading hours. Visitors' overcoats, packages, umbrellas or briefcases are not permitted on the trading floor.~~

C. ~~All visits by public figures to CME Group trading floors, offices and common areas must be approved and coordinated, in advance, by CME Group's Public Affairs or Government Relations Department. Public figures include government officials and representatives, domestic and foreign dignitaries, politicians, celebrities, business leaders and all other high-profile individuals.~~

D. ~~Members may not request trading floor access privileges for the same visitor on more than three days of the same calendar month without the permission of designated Exchange staff of the Security Department.~~

E. ~~Visitors are prohibited from soliciting employment or from acting as employees of members, member firms or the Exchange on the trading floor.~~

~~F. No one under the age of 16 will be admitted to the trading floor during trading hours.~~

## II. CONDUCT

~~Commonly accepted standards of propriety and decorum apply to everyone on the trading floor. The following behavior, speech or actions are expressly prohibited on the trading floor.~~

- ~~A. Possessing any weapon (including, but not limited to, firearms, knives, stun guns or pepper spray);~~
- ~~B. Carrying or consuming food or drink. Individually wrapped (non-chocolate) hard candy and gum, however, are permissible.~~
- ~~C. Reckless throwing of trading cards or any other material;~~
- ~~D. Excessive speed in moving around the trading floor;~~
- ~~E. Use of emergency exits without proper justification;~~
- ~~F. Smoking or use of tobacco products, including chewing tobacco;~~
- ~~G. Use of members-only facilities by non-members;~~
- ~~H. Failure to give member priority to quotation machines, news tickers, monitors and other facilities where such member priority is so designated;~~
- ~~I. Engaging in any activity that is disruptive to trading;~~
- ~~J. The sale or solicitation of goods or services without consent of the Exchange;~~
- ~~K. Having outer coats or umbrellas on the trading floor;~~
- ~~L. Use of cameras or video equipment, unless authorized by the Exchange. Flash photography, however, is never permitted.~~

~~In addition, the following activities are prohibited anywhere on Exchange premises:~~

- ~~M. Any behavior, speech or actions that are detrimental to the interests and good name of the Exchange (this includes any conduct which is a violation of any local, state or federal law);~~
- ~~N. Profanity, vulgarity (including wearing buttons with crude or offensive slogans or pictures) or any speech or action that tends to intimidate, degrade or endanger others;~~
- ~~O. Defacing or otherwise damaging: 1) an Exchange-issued badge or jacket; 2) Exchange facilities or property; or 3) any facility or property regardless of ownership;~~
- ~~P. Possessing a firearm or other weapon;~~
- ~~Q. Discarding refuse on escalators or in elevators or in hallways or lobbies; and~~
- ~~R. Harassment related to race/color, sex/gender, sexual orientation, age, religion, veteran status, national origin and disability/medical condition is expressly prohibited.~~

## III. APPEARANCE

- ~~A. All apparel should be neat, clean, presentable and in keeping with the businesslike atmosphere of the trading floor.~~
- ~~B. Jackets: Where required, every member, member's employee, member firm employee and Exchange trading floor employee must wear a jacket provided by the Exchange or their employer, or, in the case of members, a jacket of their own choosing. All jackets must conform to Exchange standards. Guests may not wear trading jackets on the trading floor during trading hours.~~
- ~~C. Shirts: All men must wear shirts with a collar suitable for a necktie or bow tie. Shirts must be buttoned to at least the second button from the collar. Golf-type shirts are permitted. Shirrtails must be tucked in. Turtleneck sweaters are not allowed for men. Crewneck sweaters are allowed if a conventional collar suitable for a necktie or bow tie is visible. Sweatshirts, tie-dye shirts and T-shirts are prohibited.~~
- ~~D. Shoes: Shoes must be clean, safe and not torn or frayed. The following footwear is specifically prohibited: all shoes without backs, canvas slippers, moccasins, rubber boots, rubber overshoes, clogs, bedroom slippers, and shoes with platforms over 2 inches. All shoes must be tied with laces or appropriately fastened.~~
- ~~E. Pants: The following pants are specifically prohibited: blue jeans, shorts and sweat pants. Tight-fitting stretch pants are allowed only when worn with blouse or shirt at mid-thigh or lower.~~
- ~~F. Skirts and dresses: Skirts and dresses must reach mid-thigh or lower.~~
- ~~G. Headwear: All headgear or head coverings are prohibited, except for religious or medical reasons.~~
- ~~H. Miscellaneous: The following are specifically prohibited: sunglasses, ornaments, pendants or similar items that are distracting or unbusinesslike. Clothing or accessories that draw unusual attention will be deemed unbusinesslike and not permitted on the trading floor.~~

## IV. DRUG AND ALCOHOL ABUSE

~~In order to maintain a safe, healthful, and productive working environment, the Exchange has established the following policy prohibiting drug and alcohol use on Exchange premises.~~

~~The following activities are prohibited and may result in disciplinary action, including immediate and permanent bar of access to Exchange premises:~~

- ~~— A. Possession of open containers or use of alcohol, except as expressly authorized by the Exchange.~~
- ~~— B. Being under the influence of alcohol on Exchange premises.~~
- ~~— C. Use, sale, purchase, transfer, or possession of any illegal drug on Exchange premises.~~
- ~~— D. Failure on the part of non-members to submit to a reasonable search by authorized Exchange personnel of lunch~~



boxes, bags, parcels, packages, purses, briefcases, pockets or coats, etc.

Members and Member Firms are responsible for their employees' strict adherence to these requirements.

## QUOTATION CHANGES

### I. GENERAL PROCEDURES

- A. Corrections requested up to 15 minutes from the time the bid, offer or trade occurred or reportedly occurred: Changes must be authorized by a member of the Pit Committee or an Exchange Official.
- B. Corrections requested more than 15 minutes from the time the bid, offer or trade occurred or reportedly occurred: Changes must be authorized by:
1. 15-30 Minutes: A member of the Pit Committee and one Exchange Official.
  2. Over 30 Minutes: A member of the Pit Committee, a member of the Floor Conduct Committee and a Senior Exchange Official.
- C. Unanimous Approval Required: Unanimous approval among the individuals participating in the quote change consideration is required to effectuate the requested change. In the absence of unanimity, the proposed quote adjustment shall not be made.
- D. A request for a quote change which results in a new high or low for the day must be made within 10 minutes of the time the bid, offer or trade occurred or reportedly occurred.  
A request for a quote change which affects an established opening range must be made within 15 minutes after the posting of the range, or, in the case of a request for a quote change which affects an established closing range, within 10 minutes of the posting of the closing range. Such requests shall be considered by a member of the Pit Committee, a Floor Conduct Committee member and a Senior Exchange Official. Failure to make such a timely request will bar consideration of the quote change. The time limitations described in this Section D will not apply in the case of options strikes deemed by a Senior Exchange Official to be inactive or illiquid or in the case of a fast market designation. These requests may be considered by a member of the Pit Committee, a Floor Conduct Committee member and a Senior Exchange Official at any time during the same day's trading session.
- E. A decision to adjust a quote must be made within 15 minutes after a quote change request has been made. However, in the event a fast market has been declared while the quote adjustment is under consideration, the period for consideration may continue for 15 minutes after the end of the fast market. To the extent practicable, quote change adjustments shall be announced to the pit.
- F. Reconsideration: Once a request for a particular quote change has been resolved, or if no decision is reached within the allotted time pursuant to paragraph 5 above, a subsequent request for reconsideration involving the original quote or adjustment may be considered if a Senior Exchange Official deems that new relevant information pertaining to the original request is now available. Such request for reconsideration must be considered by the same individuals who ruled on, or failed to reach a timely resolution of, the original request. In the event one or more of the individuals who participated in the consideration of the original quote change request is unavailable to consider the request for reconsideration, a Senior Exchange Official shall designate a substitute. However, this reconsideration process may not be utilized for a correction involving a quote change which results in a new high or low for the day, with the exception of option strikes deemed by a Senior Exchange Official to be inactive or illiquid, or in declared fast markets.
- G. Requests for Next Day Corrections  
If an outright options or options spread or combination quote has been inadvertently omitted from the price reporting system and such omission is not discovered until after the trading session, trades may be allowed to clear at the omitted price at any time prior to the opening of the affected market the next day, provided that all of the following requirements are satisfied:
1. The parties to the trade can reasonably show that they properly reported the trade price and had a reasonable basis for believing that the trade price would be posted;
  2. The parties to the trade produce documentation of: a) the contemporaneous recordation of the trade; b) the confirmation of the trade to the customer of the member firm representing the order; and c) the submission of the trade to the Exchange Clearing House and its failure to clear the trade due to a price edit;
  3. The change is authorized by a Senior Exchange Official; and
  4. The change is documented pursuant to Section II.B below.

### II. DOCUMENTATION NEEDED FOR QUOTATION CHANGES

- A. In the case of quote changes requested pursuant to Section I.A., a record shall be made of all committee members or Exchange employees approving the quote change and the change will be recorded on Time and Sales.
- B. In the case of quote changes requested pursuant to Section I.B.1., a hard copy record of the quote change shall be made by Exchange staff. The individuals approving the change shall promptly sign the record. The record shall be time-stamped upon request and again upon approval and shall include the reason for the change, and, in the case of a quote change requested pursuant to Section I.B.2., the reason for the delay. For all approved quotation changes other than next day corrections pursuant to Section I.G above, the quotation change will be recorded on Time and Sales.

### III. CONFLICTS OF INTEREST

No individual may authorize any quotation change, insertion or cancellation if such individual has a personal or financial interest in such change, insertion or cancellation.

### IV. AUTHORITY OF SENIOR EXCHANGE OFFICIALS WITH RESPECT TO QUOTATION CHANGES

~~Senior Exchange Officials may review and authorize any request for a quotation change in circumstances where the individuals specified in Sections I and II are otherwise not available or where the change is not encompassed by Section I or II. Notwithstanding the procedures set forth in Sections I and II, Senior Exchange Officials are empowered to authorize or deny any requested change only in circumstances where such action is necessary to ensure the integrity or promote the orderly functioning of the market. Such decisions by Senior Exchange Officials shall be documented and signed by the Senior Exchange Official and except for next day corrections pursuant to Section I.G above, the quotation change will be recorded on Time and Sales.~~

#### **NYMEX and COMEX**

##### **533. SIMULTANEOUS BUY AND SELL ORDERS FOR DIFFERENT BENEFICIAL OWNERS**

On the Globex platform, opposite orders for different beneficial owners that are simultaneously placed by a party with discretion over both accounts may be entered into the Globex platform provided that one order is exposed for a minimum of 5 seconds ~~in the case of futures orders or a minimum of 15 seconds in the case of options orders~~. An order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite another order entered by the same firm only if this other order has been entered immediately upon receipt and has been exposed on the Globex platform for a minimum of 5 seconds ~~for futures orders or a minimum of 15 seconds for options orders~~.

##### **536. RECORDKEEPING REQUIREMENTS FOR GLOBEX AND NEGOTIATED TRADES**

[Sections A.-E. are unchanged.]

###### **536.F. Audit Trail Violations**

A Member's failure to comply with any provision of this rule may result in the imposition of summary penalties by the Market Regulation Department pursuant to the provisions of Rule 512.

~~A letter of warning may be issued for a first infraction. Subsequent infractions within a rolling 12-month period shall result in automatic fines starting at \$1,000, and then increasing to \$2,500 and \$5,000 for each subsequent infraction. Fifth and subsequent offenses within a 12 month period will be referred to the Chief Regulatory Officer for consideration of charges.~~

~~A member will have 15 days after receipt of a letter of warning or a fine to present evidence to the Market Regulation Department in support of having the letter of warning or fine dismissed. If the member does not submit such evidence, or if the Market Regulation Department determines that the evidence submitted is insufficient to warrant a rescission, the letter of warning or fine shall be final and may not be appealed.~~

~~Notwithstanding the provisions of this Section, the Market Regulation Department may, at any time, refer matters that it deems egregious to the Chief Regulatory Officer for consideration of charges.~~

[The remainder of the rule is unchanged.]

#### **CME, CBOT, NYMEX, and COMEX Rulebooks**

##### **Chapter 6**

##### **("Arbitration")**

(additions are underscored; deletions are ~~overstruck~~)

#### **CME**

##### **601. CUSTOMER CLAIMS AGAINST MEMBERS**

###### **601.A. Definitions**

1. Customer. Customer shall mean any person, not a member of the Exchange, who places an order or for whose account an order is placed for execution on the Exchange or who otherwise executes a transaction on or subject to the rules of the Exchange.
2. Claim. Claim shall mean any dispute arising out of any transaction on or subject to the rules of the Exchange, including mutual offset rules.
3. Mixed Panel. Mixed Panel shall mean an arbitration panel consisting of a co-chairman of the Arbitration Committee and five Arbitration Committee members, three of whom shall be persons who are non-members and who are not associated with any member of a contract market, or employee thereof, and are not otherwise associated with a contract market.
4. Member. Member as used in this Chapter shall mean 1) members and clearing members of the Exchange, including retired members with floor access privileges and individuals and entities described in Rule 106; 2) associated persons ("APs") and affiliates of clearing members and member firms of the Exchange; 3) guaranteed introducing brokers of clearing members and member firms of the Exchange and their APs; 4) Exchange permit holders; ~~and 5) regular firms; and 6)~~ individuals and entities that have agreed in writing to comply with the rules of the Exchange.

[The remainder of the Rule is unchanged.]

CBOT

600. DISPUTES SUBJECT TO CBOT ARBITRATION

600.A. Disputes Among Members

It is contrary to the objectives and policy of the Exchange for members to litigate certain Exchange-related disputes. Disputes between and among members that are described below and that are based upon facts and circumstances that occurred at a time when the parties were members shall be subject to mandatory arbitration in accordance with the rules of this Chapter:

1. claims between members that relate to or arise out of any transaction on or subject to the rules of the Exchange;
2. claims between or among members relating to ownership of, or interests in, trading rights on the Exchange; and
3. claims between members relating to the enforceability of:
  - a. non-compete clauses to the extent they relate to the Exchange,
  - b. terms of employment on the legacy trading floor, and
  - c. financial arrangements relating to the resolution of error trades in Exchange products that are included in any employment agreement.

Nothing in this rule, however, shall require a member employee to submit to arbitration any claim that includes allegations of a violation of federal, state or local employment discrimination, wage payment or benefits laws.

600.B. ~~[Reserved]~~ Disputes Between Members and Certain Non-Member Employees

~~The enforceability of the following provisions of an employment agreement between a member and a non-member employee registered pursuant to Rule 501 shall be subject to mandatory arbitration in accordance with the rules of this Chapter:~~

- ~~1. non-compete clauses to the extent that they relate to the Exchange; and~~
- ~~2. terms of employment on the trading floor.~~

~~Nothing in this rule, however, shall require a non-member employee to submit to arbitration any claim that includes allegations of a violation of federal, state or local employment discrimination, wage payment or benefits laws. A non-member employee shall mean a member's bona fide employee who has been registered by the Exchange to work on the trading floor.~~

[Section C. is unchanged.]

600.D. Permissive Arbitrations

The following may be submitted for arbitration at the Exchange and, in the event such a claim is submitted against a member, that member is required to arbitrate the dispute under these rules, unless otherwise provided:

1. 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;
2. claims against an Exchange clearing member and its Globex user pursuant to Rule 588.E., provided that any non-member Globex user has consented to arbitration of the dispute at the Exchange within 21 days of receipt of a claim.
- 3-4. [Reserved]
5. claims of a non-member ~~(other than those claims required to be arbitrated under Rule 600.B)~~ against a member that relate to or arise out of employment on the trading floor;
6. claims by or against an entity whose majority ownership is held by Exchange members and whose principal business relates to activity on or at the Exchange, where the dispute has a material connection to the business or purpose of the Exchange, provided such entity has consented to arbitration of the dispute at the Exchange within 20 days of receipt of a claim; and
7. at the discretion of the Chief Regulatory Officer, any claim involving the interests of the Exchange, its members, their business relations or commodity futures or swaps trading in general not otherwise arbitrable under these rules, provided the parties have consented to such arbitration.

[The remainder of the Rule is unchanged.]

601. CUSTOMER CLAIMS AGAINST MEMBERS

601.A. Definitions

1. Customer. Customer shall mean any person, not a member of the Exchange, who places an order or for whose account an order is placed for execution on the Exchange or who otherwise executes a transaction on or subject to the rules of the Exchange.
2. Claim. Claim shall mean any dispute arising out of any transaction on or subject to the rules of the Exchange.
3. Mixed Panel. Mixed Panel shall mean an arbitration panel consisting of a co-chairman of the Arbitration Committee and five Arbitration Committee members, three of whom shall be persons who are non-members and who are not associated with any member of a contract market, or employee thereof, and are not otherwise associated with a contract market.
4. Member. Member as used in this Chapter shall mean 1) members and clearing members of the Exchange, including ~~retired members with floor access privileges and~~ individuals and entities described in Rule 106; 2) associated persons ("APs") and affiliates of clearing members and member firms of the Exchange 3) guaranteed

introducing brokers of clearing members and member firms of the Exchange and their APs; 4) Exchange permit holders; 5) regular firms; and 6) individuals and entities that have agreed in writing to comply with the rules of the Exchange.

5. Punitive Damages. Punitive damages shall mean an award in excess of actual damages suffered. Punitive damages shall be limited to twice the amount of actual damages and may be awarded only to a customer after a determination that there has been willful and wanton misconduct in the execution or handling of an order by a member or an employee acting on behalf of a member.

[The remainder of the Rule is unchanged.]

#### NYMEX and COMEX

### 601. CUSTOMER CLAIMS AGAINST MEMBERS

#### 601.A. Definitions

1. Customer. Customer shall mean any person, not a member of the Exchange, who places an order or for whose account an order is placed for execution on the Exchange or who otherwise executes a transaction on or subject to the rules of the Exchange.
2. Claim. Claim shall mean any dispute arising out of any transaction on or subject to the rules of the Exchange, ~~including mutual offset rules.~~
3. Mixed Panel. Mixed Panel shall mean an arbitration panel consisting of a co-chairman of the Arbitration Committee and five Arbitration Committee members, three of whom shall be persons who are non-members and who are not associated with any member of a contract market, or employee thereof, and are not otherwise associated with a contract market.
4. Member. Member as used in this Chapter shall mean 1) members and clearing members of the Exchange, including individuals and entities described in Rule 106; 2) associated persons ("APs") and affiliates of clearing members ~~and member firms~~ of the Exchange; 3) guaranteed introducing brokers of clearing members ~~and member firms~~ of the Exchange and their APs; ~~and 4) regular firms; and 5)~~ individuals and entities that have agreed in writing to comply with the rules of the Exchange.

[The remainder of the Rule is unchanged.]

#### CBOT Rulebook

#### Chapter 8

#### ("Clearinghouse and Performance Bonds")

(deletions are overstruck)

### 809. TRADE DATA PROCESSING SYSTEM

#### ~~809.A. Trade Data~~

~~Every clearing member must submit accurate trade data for the day's business to the Clearing House no later than the time specified by the Clearing House.~~

#### ~~809.B. Matched and Unmatched Trades~~

~~The Clearing House shall process all trade data submitted by clearing members but shall accept only those trade records (transactions) which are in agreement with the corresponding trade records submitted by the opposite clearing members.~~

~~Trade records will be matched, to the extent the opposite trade information is consistent, through the tiered matching process.~~

~~Resubmitted trade data will be processed by the Clearing House. Trades with unmatched trade information remaining after the tiered matching process will be rejected and outrade notices will be issued to clearing members.~~

~~Trades unreconciled after the final reconciliation must be submitted on the following business day as "as-of-trades."~~

#### ~~809.C. Trade Register and Clearing Reports~~

~~From the trade data cleared during each day's reconciliation, the Clearing House will produce a trade register for each clearing member which will itemize by commodity and contract: the opening long and short position, the contracts bought and/or sold during the day, the prices at which executed, and the settlement amounts.~~

~~The Clearing House will also produce a recap ledger for each clearing member that will itemize various position and financial information that includes but is not limited to, commodity positions, settlement amounts and performance bond information.~~

#### ~~809.D. Reconciliation of Outtrades~~

~~It shall be the primary responsibility of the clearing member to see that all trades are cleared prior to the opening of the following day's open outcry market.~~

~~Each member, if applicable, and clearing member firm shall designate a person or persons who will be available~~

~~and responsible for reconciling the member or clearing member firm's outrades. The person or persons shall be qualified to resolve outrades as the member or clearing member firm's designated outrade representative. Failure to have a qualified representative available, with all materials necessary to reconcile outrades, at the time specified above shall constitute negligence in the determination of responsibility for any outrades. If one firm cannot locate another firm's broker or representative for clearing purposes during these time periods, it shall report such fact to the President of the Clearing House. If the President of the Clearing House or his designee cannot find the broker or representative of the firm, fines will be assessed in the amounts of \$1,000, \$2,000 or \$3,000 sequentially, for violations occurring within a 30-day period.~~

**813. DAILY SETTLEMENT PRICE**

[The introduction and 1. are unchanged.]

2. Volume-Weighted Average Price (VWAP) of the Settlement Period: In products that use this procedure, all outright trades that occur during the defined settlement period are utilized to calculate the VWAP for specified contract months and the VWAP will be the settlement price. ~~If the open outcry venue is used to determine the settlement price, the VWAP may be estimated.~~ The calculated or estimated VWAP of relevant spread trades that occur during the settlement period may be used to determine the settlement price of deferred or less actively traded contract months in products that use this procedure.

[The remainder of the rule is unchanged.]

**CME, CBOT, NYMEX, and COMEX Rulebooks**

**Chapter 9**

**("Clearing Members")**

(additions are underscored; deletions are ~~overstruck~~)

**CME**

**930. PERFORMANCE BOND REQUIREMENTS: ACCOUNT HOLDER LEVEL**

[Section A. is unchanged.]

**930.B. Performance Bond Rates**

[Section 1. is unchanged.]

2. Security Futures

[Section a. is unchanged.]

- b. As used in this Rule, the term "Customer" does not include (a) an "exempted person" as defined in CFTC Regulation 41.43(a)(9) and SEC Regulation 242.401(a)(9); or (b) Market Makers as defined below.

A Person shall be a "Market Maker" for purposes of this Rule, and shall be excluded from the requirements set forth in CFTC Regulations 41.42 through 41.49; and, SEC Regulations 242.400 through 242.406 in accordance with CFTC Regulation 41.42(c)(2)(v) and SEC Regulation 242.400(c)(2)(v), with respect to all trading in Security Futures for its own account, if such Person is an Exchange Member that is registered with the Exchange as a "Security Futures Dealer."

Each Market Maker shall: (a) be a member of the Exchange ~~and be registered as a floor trader or a floor broker with the CFTC under Section 4f(a)(1) of the CEA~~; or, be registered as a dealer with the SEC under Section 15(b) of the Exchange Act; (b) maintain records sufficient to prove compliance with the requirements set forth in this Rule and CFTC Regulation 41.42(c)(2)(v) and SEC Regulation 242.400(c)(2)(v), including without limitation, trading account statements and other financial records sufficient to detail activity and verify conformance with the standards set forth herein; and (c) hold itself out as being willing to buy and sell Security Futures for its own account on a regular or continuous basis.

[The remainder of the rule is unchanged.]

**CBOT**

**901. GENERAL REQUIREMENTS AND OBLIGATIONS**

Membership in the Clearing House is a privilege and license granted by the Board and may be withdrawn by the Board for cause at any time. Clearing House staff may grant exemptions to the General Requirements and Obligations set forth below for Clearing Members if it is determined that such an exemption will not jeopardize the financial integrity of the Clearing House. Subject to such exemptions, each applicant for qualification as a clearing member must satisfy the following requirements:

[Sections A. – G. are unchanged.]

- H. It shall notify the Exchange prior to any significant business transaction or significant change in operations which shall include, but is not limited to the following:
  1. The merger, combination or consolidation between the clearing member and another person or entity;
  2. The assumption or guarantee by the clearing member of all or substantially all of the liabilities of another in connection with a direct or indirect acquisition of all or substantially all of that person's or entity's assets;
  3. The sale by the clearing member of a significant part of its business and/or assets to another person or

entity;

4. A change in the direct or indirect beneficial ownership of 20% or more of the clearing member; and
5. Any change in the system provider used by the clearing member to process its trades; ~~and~~
6. ~~A significant increase in the number of members that a clearing member qualifies.~~

~~Additionally, a clearing member that qualifies members must provide fifteen days notice to the Exchange of any proposal to terminate such business or any material part of such business.~~

[The remainder of Section H. is unchanged.]

- I. It shall agree to guarantee and assume complete responsibility for the financial obligations attendant to: 1) all trades and orders executed or accepted for execution by a member it qualifies, including trades and orders executed, or which such member fails to execute, negligently, fraudulently or in violation of Exchange rules; 2) an unpaid arbitration award issued by a panel of the Arbitration Committee against a member it qualifies in circumstances where the dispute is related to a matter described in number 1) above; 3) an unpaid restitution order issued against a member it qualifies by a panel of the Business Conduct Committee, the Clearing House Risk Committee or a hearing panel of the Board of Directors; and 4) unpaid Exchange disciplinary fines imposed upon a member it qualifies if the member is also an employee of the clearing member or its affiliate, subject to a determination by the sanctioning entity. The Exchange discontinued use of the term "qualifies a member" effective at the close of business on October 1, 2021. A clearing member's responsibility for a member it qualified on or prior to the effective date shall continue in accordance with this Rule.

[Sections J. – S. are unchanged.]

T. To clear transactions in futures or options on futures executed on or subject to the rules of a foreign board of trade identified in CME Rule 8C04, the applicant must meet any other conditions that the Clearing House may require.

## 902. CLEARING MEMBERSHIP ASSIGNMENT REQUIREMENTS

[Sections A.-C. are unchanged.]

### 902.D. Assignment Substitutions

A clearing member may substitute a membership for an assigned membership provided that the clearing member continues to meet the assignment requirements of this Rule.

~~In the event a clearing member has a valid claim against a member that it qualifies and the member's membership is assigned to another clearing member, the clearing member utilizing the membership for assignment shall have 10 business days to substitute another membership to fulfill the assignment requirements of this Rule.~~

[The remainder of the rule is unchanged.]

## 903. RESPONSIBILITY FOR QUALIFIED MEMBERS

- A. A clearing member that qualifies a member thereby guarantees and assumes complete responsibility for the financial obligations attendant to: 1) all trades and orders executed or accepted for execution by such member, including trades or orders executed, or which such member fails to execute, negligently, fraudulently or in violation of Exchange rules; 2) an unpaid arbitration award issued by a panel of the Arbitration Committee against such member in circumstances where the dispute is related to a matter described in number 1) above; 3) an unpaid restitution order issued against such member by a panel of the Business Conduct Committee, the Clearing House Risk Committee or a hearing panel of the Board of Directors; and 4) unpaid Exchange disciplinary fines imposed upon such member if the member is also an employee of the clearing member or its affiliate, subject to a determination by the sanctioning entity. The Exchange discontinued use of the term "qualifies a member" effective at the close of business on October 1, 2021. A clearing member's responsibility for a member it qualified on or prior to the effective date shall continue in accordance with this Rule.
- B. ~~F. [Reserved] — To qualify traders, a clearing member must have established systems in place for trade submission, clearing, and settlement/banking with the Clearing House.~~
- C. ~~No member may be qualified by more than one clearing member at one time.~~
- D. ~~A member may not transfer his qualification unless he has obtained a written release from the clearing member last qualifying him. A release shall not be withheld unless a member has an unsatisfied indebtedness to the clearing member last qualifying him where the indebtedness is due to a deficit arising from transactions on the Exchange or where the clearing member last qualifying him is the guarantor under an existing valid guarantee of a loan which had been made to the member exclusively for the purpose of financing the purchase of the member's membership. A member who believes his qualifying clearing member is unreasonably withholding a release necessary to permit the member to be qualified by a different clearing member may request a hearing before a Panel of the Business Conduct Committee as provided in Rule 511. Any other disputes between the parties shall be resolved, to the extent permitted by the rules, through the arbitration procedures set forth in Chapter 6.~~
- E. ~~A clearing member may, without prior notice, revoke a member's authorization to trade by written revocation filed with the Shareholder Relations and Membership Services Department. Such revocation shall be effective and the member's qualification to trade shall terminate when notice of the disqualification is posted on the Exchange floor. A member shall not appear upon the floor of the Exchange until he has been requalified.~~
- F. ~~A member shall place all trades, including trades for his own account or any account which he controls, on the books of his qualifying clearing member unless written authorization to the contrary from said clearing member has been filed with the Shareholder Relations and Membership Services Department. Regardless of such authorization, a member in a deficit position with any clearing member shall place trades only through his qualifying clearing member. Any non-qualifying clearing member that carries a member's account in a deficit~~

~~position shall promptly notify the clearing member that is qualifying such member.~~

- G. No clearing member shall provide access to Globex or ClearPort~~access to~~, or clear any trade for, an employee, ~~qualified trader~~ or other representative of another clearing member without the written consent of such ~~other~~ clearing member. No clearing member shall provide access to Globex or ClearPort~~access to~~, or clear any trade for, a person in a partnership with another clearing member without the written consent of all partners. Such written consent shall be filed with the Shareholder Relations and Membership Services Department.

~~H. In the case of a member who has Globex access guaranteed by a clearing member other than his qualifying clearing member, the qualifying clearing member may terminate the member's ability to place orders through Globex by notifying the clearing member providing the member access to Globex. The clearing member providing the access to Globex will be responsible for ensuring that the member does not place orders through Globex.~~

**904. FUNDS IN TRADING ACCOUNTS CARRIED BY CLEARING MEMBERS**

If a Member (as defined in Rule 400) trades in excess of written limits prescribed by his ~~qualifying or~~ guaranteeing clearing member ~~or a clearing member through which such~~ ~~Member is authorized by his qualifying clearing member to trade pursuant to Rule 514~~ without sufficient funds in his account to margin the position, or if the Member is alleged to have engaged in reckless and unbusinesslike dealing inconsistent with just and equitable principles of trade, and such trades are profitable, the disposition of any and all funds in the applicable trading account(s) may be suspended by the carrying clearing member. The claim of a carrying clearing member to such profits shall be submitted to arbitration pursuant to the provisions of Chapter 6. The Member may request a hearing to be held as soon as practicable before a Chairman of the Arbitration Committee to determine the amount of any profits that should remain subject to a continued suspension pending an arbitration hearing on the full merits of the claim.

**931. CUSTOMER MARGINS FOR SECURITY FUTURES POSITIONS HELD IN FUTURES ACCOUNTS**

Margin requirements associated with Security Futures positions, which result from transactions made on the Exchange on behalf of Customers, and which are held in a futures account, shall be determined and administered in accordance with the Rules and Regulations of the Exchange, and in compliance with CFTC Regulations 41.42 through 41.49 and SEC Regulations 242.400 through 242.406. With regard to such Security Futures positions, if Exchange Rules or Regulations are inconsistent with CFTC Regulations 41.42 through 41.49 and SEC Regulations 242.400 through 242.406, including any successor Regulations, the CFTC and SEC Regulations shall prevail.

- (a) Initial and maintenance margin rates used in determining Exchange margin requirements applicable to Security Futures that are held on behalf of Customers in a futures account, shall be established at levels no lower than those prescribed by CFTC Regulation 41.45 and SEC Regulation 242.403, including any successor Regulations.
- (b) As used in this Regulation, the term "Customer" does not include (a) an "exempted person" as defined in CFTC Regulation 41.43(a)(9) and SEC Regulation 242.401(a)(9); or (b) Market Makers as defined below.
- (c) A Person shall be a "Market Maker" for purposes of this Rule, and shall be excluded from the requirements set forth in CFTC Regulations 41.42 through 41.49 and SEC Regulations 242.400 through 242.406, as applicable, in accordance with CFTC Regulation 41.42(c)(2)(v) and SEC Regulation 242.400(c)(2)(v), with respect to all trading in Security Futures for its own account, if such Person is an Exchange Member that is registered with the Exchange as a "Security Futures Dealer".

Each such Market Maker shall: (a) be a member of the Exchange ~~and be registered as a floor trader or a floor broker with the CFTC under Section 4f(a)(1) of the CEA~~ or be registered as a dealer with the SEC under Section 15(b) of the Exchange Act; (b) maintain records sufficient to prove compliance with the requirements set forth in this Regulation and CFTC Regulation 41.42(c)(2)(v) or SEC Regulation 242.400(c)(2)(v), as applicable, including without limitation, trading account statements and other financial records sufficient to detail activity; and (c) hold itself out as being willing to buy and sell Security Futures for its own account on a regular continuous basis.

[The remainder of the rule is unchanged.]

**956. DISCRETIONARY, CONTROLLED AND MANAGED ACCOUNTS**

[Sections A. and B. are unchanged.]

**956.C. Supervision and Trading of Discretionary Trading Accounts**

**1.—Discretionary Trading Account Activity**

Each clearing member shall have a supervisory employee (other than the person granted discretionary trading authority) supervising activity in discretionary trading accounts. The supervision shall include, but is not limited to, a review of excessive trading in amount or frequency in relation to account equity. This requirement shall only apply to discretionary trading accounts controlled by an employee of the clearing member or the clearing member's guaranteed introducing brokers.

**2.—Floor Trading**

~~No member shall execute a transaction in the trading pit for an account over which he has discretionary trading authority unless the transactions are for a) family accounts as defined in Section E.1. or b) another member of the Exchange for an account owned by such other member or proprietary accounts of member firms as set forth in Section E.2.~~

[The remainder of the rule is unchanged.]

**982. RISK MANAGEMENT**

All clearing members must have written risk management policies and procedures in place to ensure they are able to perform certain basic risk and operational functions at all times. At a minimum, the following areas must be considered in the firm's policies and procedures, depending on the firm's size and its business and product mix:

- A. Trade Submission and Account Monitoring. Clearing members must have procedures in place to demonstrate compliance in the following areas for trades executed through ~~both~~ electronic platforms ~~and open outcry~~:
- [The remainder of the rule is unchanged.]

**NYMEX and COMEX**

**901. GENERAL REQUIREMENTS AND OBLIGATIONS**

[The introduction and A.-S. are unchanged.]

- T. To clear transactions in futures or options on futures executed on or subject to the rules of a foreign board of trade identified in [CME](#) Rule 8C04, the applicant must meet any other conditions that the Clearing House may require.