

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 23-273

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 07/03/23 Filing Description: Weekly Notification of Rule Amendments - Week of June 26, 2023

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|-------------------------------------|-------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input checked="" type="checkbox"/> | Notification | § 40.6(d) |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers: See filing.

New Product

Please note only ONE product per Submission.

- | | | |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.2(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> | Approval | § 40.3(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission | § 39.5 |

Product Terms and Conditions (product related Rules and Rule Amendments)

- | | | |
|--------------------------|---|----------------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Certification Made Available to Trade Determination | § 40.6(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.24(a) |
| <input type="checkbox"/> | Delisting (No Open Interest) | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Approval Made Available to Trade Determination | § 40.5(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.24(c) |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | “Non-Material Agricultural Rule Change” | § 40.4(b)(5) |
| <input type="checkbox"/> | Notification | § 40.6(d) |

Official Name(s) of Product(s) Affected:

Rule Numbers:

July 3, 2023

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

**Re: CFTC Regulation 40.6(d) Notification. Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) Weekly Notification of Rule Amendments.
CME Submission No. 23-273**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(d), the Exchange submits this weekly notification of the following rule amendments effective during the week of June 26, 2023.

Effective June 26, 2023, the Exchange implemented implied functionality for five (5) foreign exchange (FX) futures and related amendments to CME Rule 588.H. (“Globex Non-Reviewable Trading Ranges”) table (the “Table”). The initiative was originally certified with the Commission to be effective on January 23, 2023 (see CME Submission [22-483](#) dated November 29, 2022). The marketplace was alerted of the amendments via Special Executive Report (“SER”) 9103RRRRR, which is attached hereto as Exhibit A.

Also, effective June 26, 2023, the Exchange implemented administrative amendments to the Market Regulation Notices (“MRANS”) in connection with the permanent delisting of all CME Eurodollar options contracts (the “Contracts”). The changes to the MRANS simply remove references to the Contracts and do not change any regulatory guidance contained therein. The MRANS are provided in Exhibit B in blackline format.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A – SER 9103RRRRR
Exhibit B – Amendments to RA2201-2, RA2202-2, and RA2112-5R (blackline format)

Exhibit A



Special Executive Report

DATE: June 15, 2023
SER#: 9103RRRRR
SUBJECT: Implied Functionality Eligibility for Five (5) Foreign Exchange (FX) Futures Contracts

(SER 9103RRRRR supersedes SER 9103RRRR dated May 31, 2023 to advise of the new effective date of trade date Monday, June 26, 2023.)

Effective Sunday, June 25, 2023 for trade date Monday, June 26, 2023 Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) will permit implied functionality for five (5) foreign exchange (FX) futures contracts listed in Table 1. below (the “Contracts”) for all outright and spread transactions in the first twelve (12) nearby months for trades on the CME Globex electronic trading platform (“CME Globex”).

Table 1.

Contract Title	CME ClearPort Code / CME Globex Code	Rulebook Chapter
British Pound Sterling/U.S. Dollar (GBP/USD)	BP/6B	251
Canadian Dollar/U.S. Dollar (CAD/USD) Futures	C1/6C	252
Japanese Yen/U.S. Dollar (JPY/USD) Futures	J1/6J	253
Australian Dollar/U.S. Dollar (AUD/USD) Futures	AD/6A	255
Euro/U.S. Dollar (EUR/USD) Futures	EC/6E	261

As a result, CME will implement corresponding amendments to CME Rule 588.H. (“Globex Non-Reviewable Trading Ranges”) table (the “Table”) as more specifically described in Exhibit A below.

EXHIBIT A
CME Rulebook
Chapter 5
(“Trading Qualifications and Practices”)
 Rule 588.H. (“Globex Non-Reviewable Trading Ranges”) Table
 (additions underscored; deletions ~~struck through~~)

Instrument	Globex Symbol	Outrights			Spreads	
		Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Minimum Ticks	NRR: Globex Format	NRR: Outright Minimum Ticks
EUR/USD Futures	6E	0.00400	0.00005	80	0.00100	50
					<u>Each leg evaluated as an outright</u>	
CAD/USD Futures	6C	0.00400	0.00005	80	0.00100	50
					<u>Each leg evaluated as an outright</u>	
JPY/USD Futures	6J	0.0000400	0.0000005	80	0.0000100	50

AUD/USD Futures	6A	0.00400	0.00005	80	<u>Each leg evaluated as an outright</u>
					0.0010 50
GBP/USD Futures	6B	0.0040	0.0001	40	<u>Each leg evaluated as an outright</u>
					0.0010 20
					<u>Each leg evaluated as an outright</u>

Please direct questions regarding this notice to:

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Exhibit B
MARKET REGULATION ADVISORY NOTICE

Exchange	CME
Subject	All-or-None Transactions
Rule References	Rule 523
Advisory Date	April 18, 2022
Advisory Number	CME RA2201-2
Effective Date	May 2, 2022

Effective on trade date May 2, 2022, and pending all relevant CFTC regulatory review periods, this Market Regulation Advisory Notice will supersede CME Market Regulation Advisory Notice RA2104-2 from August 30, 2021. It is being issued enable All-or-None (“AON”) transactions for open outcry trading of Options on Three-Month SOFR Futures, Options on One-Month SOFR Futures and all Options on Three-Month Eurodollar Futures.

Market participants are reminded of the following:

- 1) AON trades may not, under any circumstances, be prearranged or otherwise involve prohibited pre-execution communications.**

Pursuant to Rule 539 (“Prearranged, Pre-negotiated and Noncompetitive Trades Prohibited”), the prearrangement of AON trades and pre-execution communications with respect to AON trades are strictly prohibited. As such, the only information that may be disclosed by any party with respect to an AON order is information that has been publicly exposed in the trading pit. Parties may not solicit potential counterparties to an AON order until the order has been openly bid or offered in the pit.

- 2) AON orders must be competitively and transparently executed in the open market by open outcry.**

All AON trades must be executed openly and competitively, without prearrangement. Bidding and offering practices must at all times be conducive to the competitive execution of trades, and members must ensure that the request for an AON market or the bid or offer for an AON order is clearly and transparently announced to the pit. Additionally, all AON bids and offers must include both quantity and price.

Additionally, in circumstances where a broker has both buy and sell AON orders for accounts with different beneficial ownership, the broker may only cross the orders pursuant to the cross procedures set forth in Rule 533 (“Simultaneous Buy and Sell Orders for Different Beneficial Owners”). Rule 533 requires the broker in these circumstances to bid and offer by open outcry the price and quantity of the AON orders three times. If neither the bid nor offer is accepted, the orders may be matched in the presence, and with the approval, of a designated Exchange official. It is incumbent upon a member handling simultaneous AON buy and sell orders to ensure that his bids and offers for the orders are announced clearly to the pit, and, if executed opposite each other, that the approval of the Exchange official is obtained contemporaneous with the execution of the orders.

Failure to comply with the aforementioned requirements will result in disciplinary action.

Market participants are strongly encouraged to review the FAQ to ensure an accurate understanding of the requirements for executing AON orders. The text of Rule 523 appears below, followed by the FAQ.

Rule 523 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.

FAQ Related to CME Rule 523 All-or-None Transactions

Q1: What is an All-or-None (“AON”) Order?

A1: An AON order is an order that meets or exceeds an exchange-specified minimum quantity that can be executed only for its entire quantity and only at a single price. AON orders are permitted solely in Options on Three-Month SOFR Futures **and** Options on One-Month SOFR Futures **and** ~~all Options on Three-Month Eurodollar Futures~~ executed in the open outcry market during Regular Trading Hours.

Q2: What are the significant differences between AON transactions and other trades executed via open outcry?

A2:

1. AON bids, offers and requests for a market must be for a quantity equal to or in excess of ~~4,000 contracts for options on Three-Month Eurodollar futures,~~ 1,000 contracts for options on Three-Month SOFR futures and 250 contracts for options on One-Month SOFR futures. The contract minimum threshold applies to each leg of any spread or combination trade executed as an AON.
2. Partial fills for an AON order are not permitted.
3. The execution price of an AON order may be outside of the best bid/offer in the regular market.
4. The price at which an AON order is executed does not elect conditional orders (e.g., stop orders, limit orders, MIT orders, etc.) in the regular market or otherwise affect such orders.
5. AON transactions are reported separately from transactions in the regular market in the Time

and Sales record.

Q3: May an AON order be executed opposite more than one counterparty?

A3: Yes. An AON order may be executed opposite multiple counterparties provided that the order is filled in its entirety at a single price and each opposing party to the order receives 10% or more of the AON order's full quantity.

Q4: May a broker bunch separate orders to meet the counterparty minimum?

A4: No. *Each* order executed opposite an AON order must be for a quantity that meets or exceeds the minimum counterparty threshold.

Q5: What is the proper procedure for initiating an AON transaction in the pit?

A5: The initiator of the AON order may request an AON market for a specific quantity or make an AON bid/offer for a specific quantity and price. **Any requests for an AON market and all AON bids and offers must be made openly and clearly announced in the pit.**

A member may respond by quoting an AON bid and/or offer price and the quantity, at or above the designated counterparty minimum, that he is willing to trade. Brokers who have orders that independently meet the minimum counterparty quantity threshold may also bid/offer in response to a request for an AON market.

The individual representing the AON order must determine if the total quantity bid/offered is sufficient to satisfy the entire quantity of the AON order at a single price. If so, he will consummate the AON trade with the opposing market participants. Just as in the regular market, it is the broker's responsibility to allocate quantities if there is more than one opposing party.

Q6: May two AON orders be crossed?

A6: AON orders to buy and sell that are for different beneficial owners and are initiated **without prearrangement** may be competitively executed opposite each other in the open market. A single broker may directly cross two AON orders provided that the cross trade procedures set forth in Rule 533 ("Simultaneous Buy and Sell Orders for Different Beneficial Owners") are followed.

Additionally, a broker executing an AON order may not take the opposite side of the order, or any portion of the order, into his own account (or an account in which he has a direct or indirect financial interest or an account over which he has discretionary trading authority) unless the customer has provided prior written consent to waive the application of Rule 531.A. ("General Prohibition") and the broker complies with the cross trade procedures set forth in Rule 533.

Q7: May intra-commodity options spreads or options combinations be executed pursuant to Rule 523?

A7: Yes, provided that each leg of the spread meets the contract's minimum quantity requirement.

Q8: Are spreads involving ~~Eurodollar options versus Eurodollar futures~~ or SOFR options versus SOFR futures permitted to be executed as an AON?

A8: Yes, provided that at least one option leg of the spread order meets the ~~specified 4,000~~-contract AON minimum order quantity and the quantity of the futures leg is the appropriate delta equivalent.

Questions regarding this Advisory Notice may be directed to one of the following individuals in Market Regulation:

Erin Middleton, Director, Rules & Regulatory Outreach, 312.341.3286

Paige Gawrys, Senior Specialist, Rules & Regulatory Outreach, 312.872.5078

Barry Schauer, Trading Floor Investigations Specialist, 312.341.7640

Daniel Schneider, Director, Investigations, 312.341.7251

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.

MARKET REGULATION ADVISORY NOTICE

Exchange	CME
Subject	Registration and Identification of Broker Associations
Rule References	Rule 515
Advisory Date	April 18, 2022
Advisory Number	CME RA2202-2
Effective Date	May 2, 2022

Effective trade date May 2, 2022, and pending all relevant CFTC regulatory review periods, this Advisory Notice supersedes CME Market Regulation Advisory Notice RA2103-2 from August 30, 2021. It is being issued to notify CME members that all SOFR options contract months will be added to the list of contracts subject to the intra-association trading restrictions pursuant to CME Rule 515.E. (“Trading Restrictions”), on May 2, 2022.

All contract months of ~~Eurodollar options, Eurodollar MidCurve options, and~~ SOFR options (collectively, “Interest Rate options”) are subject to the intra-association trading restrictions pursuant to CME Rule 515.E. (“Trading Restrictions”);

The complete text of Rule 515 begins on page 2 of this Advisory Notice.

Interest Rate Options Trading Restrictions as of May 2, 2022

The intra-association trading restrictions among members of CME broker associations operating in Interest Rate options are set forth below.

A. Contract Months Subject to the Restrictions

All listed contract months from the first day of trading through the last day of trading.

B. Restrictions

Order executions in restricted contract months by members of a broker association opposite other members of the same broker association are limited to 20% per month.

Best and Only Bid and Offer Documentation

In circumstances where two members of the same broker association trade opposite one another in a contract month subject to the trading restrictions set forth above, and at the time the trade is executed one member is the best and only bid and the other member is the best and only offer, the quantity associated with the execution will be removed from each member’s monthly intra-association percentage restrictions **provided that all of the following requirements are met:**

1. A note is made on the trading document by one of the two members involved in the trade indicating that at the time the trade was executed, one member was the best and only bid and the other member was the best and only offer in the pit. Noting "B&O" on the trading document is sufficient for this purpose. That notation must be made contemporaneously with the trade being made.
2. The time of the trade to the nearest minute is recorded on the trading document containing the B&O notation.
3. A signature and a **legible** acronym of a member (or the signature of an Exchange official) attesting to the fact that the members were the best and only bid and best and only offer at the time the trade was made **must be** noted on the trading document. The signature and acronym of the member (or the signature of the Exchange official) must be obtained as soon as possible after the trade has been made. **Members executing the trade may request signatures only from members (or Exchange officials) who were present when the trade was made. Members signing such trading documents may do so only if they were present and can attest to the fact that the trade was a best and only bid and offer at the time it was made.** Members of the same broker association are not eligible to sign as a witness for this purpose.
4. Copies of the documentation are forwarded to the Market Regulation Department, marked to the attention of Jackie Cerven or Jeffrey Nierman.

Properly documented best and only bids and offers will be removed from each member's intra-association trading volume and total trade volume when calculating compliance with the applicable trading restrictions. If the removal of the volume associated with the best and only bids and offers results in the reduction of a member's intra-association trading percentage to a non-violative level, the member will not be deemed to have violated Rule 515.E.

Documentation that does not meet all the requirements set forth above will not be accepted by the Market Regulation Department.

Questions regarding this advisory may be directed to one of the following individuals in Market Regulation:

Jackie Cerven, Senior Data Investigator, at 312.872.5341

Jeffrey Nierman, Lead Data Investigator, at 312.341.3195.

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.

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 the following associations between two or more members with trading floor access privileges, at least one of whom is engaged in floor brokerage activity:
 - a. Revenue Sharing Association: Associations between members who:
 - i. share profits or losses associated with their brokerage and/or error account activity; and/or
 - ii. have an employer and employee relationship which relates to floor brokerage activity;
 - b. Non-Revenue Sharing Association: Associations between members who:
 - i. regularly share a deck of orders; and/or
 - ii. share employee salary expenses.
 - c. Any other group or combination deemed by the Exchange to be a broker association.

3. Principal of a Revenue Sharing Association – Each individual who has formal or de facto control over the affairs of, or has a ten percent or greater ownership interest in, a Revenue Sharing Association not owned by a clearing member firm.
4. Spokesperson of a Non-Revenue Sharing Association and Revenue Sharing Associations owned by a clearing member firm – An individual authorized to represent a Non-Revenue Sharing Association or Clearing Firm owned Revenue Sharing Association in connection with its registration obligations set forth in Section B.
5. Investor – An individual who has a direct beneficial interest in a Revenue Sharing Association but is not a principal as defined in A.3. above.

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. Members or Member Firms must have majority ownership interest in any broker association.
3. Principals involved in floor brokerage activity must have trading privileges in the membership division required for access to the products handled by the members of the association. Principals who are not involved in floor brokerage activity must own a membership in the membership division required for access to the products handled by the members of the association. Notwithstanding the above, principals not regularly involved in floor brokerage activity may hold a membership in any division in circumstances where the association is owned by a Member Firm and such Member Firm owns a membership in the membership division required for access to the products handled by the members of the association.
4. No registered broker association or member thereof shall permit a party to have any direct or indirect profit or ownership interest in a broker association unless such party is registered in the association in accordance with this rule.
5. Registration shall be accomplished by filing the appropriate registration forms with the Market Regulation Department.
6. 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.
7. The Exchange may request any additional information from a broker association as deemed appropriate.

515.C. Prohibition on Sharing of Personal Trading Profits

Registrants in a broker association may not share profits or losses associated with their personal trading activity by direct or indirect means, except for profits and losses related to brokerage errors.

515.D. Supervision

Each principal of a Revenue Sharing Association must diligently supervise the association's member registrants and non-member employees and may be held directly liable for violations of any rule of the Exchange by such registrants and employees. Regardless of whether the principal is held responsible for the act or acts constituting the violation, each principal is jointly liable for the payment of any fines assessed against another principal, registrant or employee of the association provided that the violation occurred while that person was functioning in his capacity with the association.

515.E. Trading Restrictions

The Exchange may impose limits on the percentage of personal trading and/or brokerage volume that members of a broker association may execute with one another. Violations of such restrictions will result in summary action according to the following schedule on a rolling 12 month period:

First Occurrence Letter of Warning

Second Occurrence \$5,000 fine

Subsequent Occurrence \$10,000 fine

The Exchange may restrict a member of a Revenue Sharing Association from trading for any account such member owns, controls or in which such member has a financial interest opposite other members of the association executing orders. Violation of such restrictions will result in summary action according to the following schedule on a rolling 24 month period:

First Occurrence Letter of Warning

Second Occurrence \$500 fine

Third Occurrence \$1,000 fine

Subsequent Occurrence \$5,000 fine

Actions taken pursuant to this section are final and may not be appealed; however members will have 15 days following receipt of notification of the action 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 the consideration of charges.

MARKET REGULATION ADVISORY NOTICE

Exchange	CME, CBOT, NYMEX & COMEX
Subject	Pre-Execution Communications
Rule References	Rule 539
Advisory Date	September 1, 2021
Advisory Number	CME Group RA2112-5R
Effective Dates	October 1, 2021

Effective on trade date Friday, October 1, 2021, and pending all relevant CFTC regulatory review periods, this revised Market Regulation Advisory Notice will supersede CME Group Market Regulation Advisory Notice RA2106-5 from July 14, 2021, and is being issued to restore language from RA2106-5 codifying when parties to a Committed Cross (“C-Cross”) may begin to hedge the risk associated with the pending C-Cross that was inadvertently eliminated when RA2112-5 was issued on August 30, 2021.

~~RA2112-5R eliminates references to CME Rule 549 (“Large Order Execution Transactions—(“LOX Orders”) which is being eliminated in connection with the September 30, 2021, closure of the trading floor for all products other than options on CME Eurodollar futures and options on CME SOFR futures.~~

The text of each Exchange’s Rule 539 appears at the end of this Advisory Notice.

No other substantive changes have been made to this Advisory Notice.

A complete list of eligible products and associated crossing protocols may be found here:

<http://www.cmegroup.com/rulebook/files/rule-539-c-crossing-protocols.xlsx>

1. General Overview of Pre-Execution Communications

Pre-execution communications are defined as communications between market participants for the purpose of discerning interest in the execution of a transaction prior to the exposure of the order to the market. Any communication that involves discussion of the size, side of market or price of an order, or a potentially forthcoming order, constitutes a pre-execution communication.

Pre-execution communications are prohibited in connection with options on ~~Eurodollar and~~ SOFR futures transactions executed via open outcry on the trading floor.

Pre-execution communications are permitted in all CME, CBOT, NYMEX and COMEX futures and options products and CBOT invoice swap spreads traded on Globex.

2. General Requirements for Permissible Pre-Execution Communications on Globex

Pre-execution communications may occur only when the party for whose benefit the trade is being executed has previously consented to such communications.

Parties who have been involved in an allowable pre-execution communication may not disclose the details of that communication to other parties, nor may a party place any order to take advantage of the information conveyed in such communications except to facilitate the trade in accordance with the rule. All transactions arising from permitted pre-execution communications must be executed in accordance with the requirements set forth in Rule 539.C.

3. Pre-Execution Communications Crossing Protocols on Globex

The permissible protocol(s) for a particular product are set forth in the [Table](#).

Market participants must ensure that the entry of orders into Globex which result from permissible pre-execution communications utilize a permitted cross protocol for the particular product. In many instances, more than one cross protocol may be available for a particular group of products.

The use of an ineligible cross protocol for a particular product or group of products constitutes a violation of Rule 539.C.

A description of the four cross protocols is set forth below:

A. Globex Cross (“G-Cross”)

In a G-Cross, the order of the party that initiated the pre-execution must be entered into Globex first. The second party’s order may not be entered into Globex until a period of 5 seconds has elapsed from the time of entry of the first order. No Request for Quote (“RFQ”) is required in a G-Cross.

The G-Cross protocol is available for all futures and swaps products for which pre-execution communications are permissible. The G Cross protocol may not be used for the entry of any options orders or any spreads or combinations that include an option.

B. Agency Cross (“A-Cross”)

In an A-Cross, a Cross Sequence (“CS”) is used by a broker to enter the buy and the sell orders into Globex. Following the pre-execution communication, an RFQ for the particular futures, options, swap, spread or combination must be entered into Globex. Thereafter, a CS, which is defined as the entry of a day-limit order followed immediately by the entry of a day-fill-and-kill order, must be entered into Globex as follows:

For all NYMEX and COMEX Products, the orders must be entered no less than five (5) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade; or,

For all CME FX futures and options products, the orders must be entered no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade.

A-Cross functionality is currently supported solely on CME Direct. Information concerning registering for access to CME Direct may be accessed via the following link:

<http://www.cmegroup.com/trading/cme-direct/registration.html>

While A-Cross functionality on CME Direct allows the broker to populate the opposing buy and sell orders in a single ticket, those orders will result in two discrete Globex order entries, which will be handled to the particular algorithm applicable to the product.

The broker must select the non-initiating party as the ‘Aggressor’ on the order ticket, which results in the CS being populated with the initiating party’s order as a day limit order and the non-initiating party’s order as a day fill-and-kill order. Failure to enter the buy and sell orders within 30 seconds after the entry of the RFQ will require the entry of a new RFQ and CS in order to proceed with the trade.

The initiating order will immediately match against any orders in the order book on the opposite side of the market that are at a price better than or equal to the price on the initiating order, up to the full quantity on the initiating order. Any unmatched balance on the initiating order will be filled against the non-

initiating counterparty, and any remaining unmatched balance on the non-initiating side will be immediately cancelled.

If the cross price improves the best bid and the offer in the order book, or if there is no bid or offer in the order book, the two orders on the CS will be filled in their entirety opposite one another, unless any new orders are entered at a price equal to or better than the intended cross price before CS reaches Globex. If a new order is entered at a price equal to or better than the intended cross price before the CS reaches Globex, either of the two orders intended to be crossed will first transact against existing orders in the order book.

C. Committed Cross (“C-Cross”)

In a C-Cross, subsequent to the pre-execution communication, a Request for Cross (“RFC”) order which contains both the buy and the sell orders must be entered into Globex. Upon entry of the RFC, Globex will display an indication that a cross has been committed to the market and will occur in five (5) seconds.

Parties to a C-Cross may begin to hedge the risk associated with the pending cross by entering a risk-mitigating order as soon as they have agreed to the cross, subject to the following limitations. Hedging is prohibited in the same product and expiration month, and, for a put or call option, the same strike price as the agreed upon C-Cross. Further, an intermediary taking the opposite side of a customer order in a C-Cross transaction is prohibited from beginning to hedge that transaction until the C-Cross has been executed.

Market participants are reminded that it is a violation of Exchange rules for a person to place any order to take advantage of the details of a forthcoming C-Cross transaction where the participant is acting on material nonpublic information regarding an impending transaction by another person, or is acting on nonpublic information obtained through a confidential employee/employer relationship, broker/customer relationship, or in breach of a pre-existing duty. The Exchange may proceed with an enforcement action when the facts and circumstances of hedging a forthcoming C-Cross suggest deceptive or manipulative conduct by any of the involved parties, including when an intermediary handling a customer order violates its agency duties owed to the customer.

Market participants are further reminded that the C-Cross functionality will interact with the orders in the order book based on the C-Cross algorithm for the product as described below. Parties who engage in permissible hedging of a C-Cross have the potential to be left with an unhedged position after the cross is executed.

The matching algorithm for the C-Cross will depend on whether the group of products is eligible for a better price or volume match (“BPVM”). See the Table for information on products eligible for a BPVM allocation and the specific match percentage applicable to those products.

1. Matching Algorithm for C-Cross with BPVM:

If the price of the RFC represents a new best price level (both a bid price higher than the current bid and an offer price lower than the current offer) or the price of the RFC is equal to the best bid or offer and the quantity of the RFC is greater than the quantity at that current best bid or offer at the time of submission of the RFC to Globex, **and**, during the five (5) second period between the entry of the RFC and the cross occurring, a better price for either the buy or sell order has not been entered into Globex, a certain percentage of the quantity (“BPVM allocation”) on the RFC will cross at the RFC price. After the initial BPVM allocation, the remainder of the RFC will match as set forth in #2 below.

Where the price of the RFC is equal to the best bid or offer and the quantity of the RFC is greater than the quantity at that current best bid or offer, the quantity eligible for the BPVM is the difference between the RFC quantity and the quantity at that current best bid or offer.

If the event the RFC price does not meet the requirements set forth above, the entirety of the cross will match as set forth in #2 below.

2. Matching Algorithm for C-Cross without BPVM:

If the RFC price improves both the best bid and best offer (or if there is no bid/offer) in the order book after the five (5) seconds following submission of the RFC, 100% of the RFC quantity will match at the RFC price.

If the RFC price matches or is outside the best bid or offer in the market after the five (5) seconds following submission of the RFC, the applicable side of the RFC order will match against the orders in the book at a price better than or equal to the RFC price. Immediately thereafter, 100% of the smaller quantity remaining on one side of the RFC will match against the order on the opposite side of the RFC at the RFC price. Any unmatched balance on one side of the RFC will remain in the order book unless it is cancelled by the user.

C-Cross functionality is supported on CME Direct, and may be supported by other Independent Software Vendors ("ISVs").

D. RFQ + RFC Cross ("R-Cross")

In an R-Cross, subsequent to the pre-execution communication, an RFQ for the particular option or spread or combination involving an option must be entered into Globex. Thereafter, the RFC order must be entered no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. In CME Dairy futures and options, the RFC order must be entered no less than five (5) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. The RFQ and the RFC order must be entered within the same trading session. Failure to enter the RFC order within 30 seconds after the entry of the RFQ will require a new RFQ to be entered prior to the entry of the RFC order, which must be entered in accordance with the time parameters described above in order to proceed with the trade.

Neither the price nor the quantity of the orders on the RFC is displayed to the marketplace. Additionally, there is no information on the participant-entered RFQ which identifies that an RFC is forthcoming. A participant-entered RFQ in connection with an R-Cross is indistinguishable from a generic RFQ sent to Globex.

Numerous ISVs support the R-Cross. For market participants using CME Direct, functionality built into the application will prevent the entry of the RFC outside of the prescribed time requirements. This functionality is intended to facilitate compliance with the relevant entry time requirements.

The matching algorithm for R-Cross is as follows:

1. If the RFC price improves both the best bid and best offer in the order book or if there is no bid/offer in the order book, 100% of the RFC quantity will match at the RFC price immediately upon submission of the RFC.
2. If the RFC price matches or is outside the best bid or offer in the market, the applicable side of the RFC order will immediately match against the orders in the book at a price better than or equal to the RFC price. Immediately thereafter, 100% of the smaller quantity remaining on one side of the RFC will match against the order on the opposite side of the RFC at the RFC price. Any unmatched balance on one side of the RFC will remain in the order book unless it is cancelled by the user.

Additional information on the crossing protocols is available via the following link:

<https://www.cmegroup.com/confluence/display/EPICSANDBOX/Cross+on+CME+Globex>

4. Rule 539.C. Crossing Protocols Table

A complete list of eligible products and associated crossing protocols may be found here:

<http://www.cmegroup.com/rulebook/files/Rule-539-C-Crossing-Protocols.xlsx>

Questions regarding this Advisory Notice may be directed to one of the following individuals in Market Regulation:

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CME

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.

539.C. Pre-Execution Communications Regarding Globex Trades

Parties may engage in pre-execution communications with regard to transactions executed on the Globex platform where one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the order under the following circumstances:

1. A party may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications.
2. Parties to pre-execution communications shall not (i) disclose to a non-party the details of such communications or (ii) enter an order to take advantage of information conveyed during such communications except in accordance with this rule.
3. Permissible Entry Methods for Orders

The following order entry methods for futures, options, spreads and combinations vary by product, as set forth in the Rule 539.C. Crossing Protocols Table ("Table") in the Interpretations Section at the end of Chapter 5.

a. Globex Cross ("G-Cross")

The first party's order is entered into the Globex platform first. The second party's order may not be entered into the Globex platform until a period of 5 seconds has elapsed from the time of entry of the first order.

b. Agency Cross ("A-Cross")

A Cross Sequence ("CS") is used by a broker to enter the buy and the sell orders into Globex. Following the pre-execution communication, a Request for Quote ("RFQ") for the particular futures, options, spread or combination is entered into the Globex platform. Thereafter, a Cross Sequence, which is defined as the entry of a day-limit order followed immediately by the entry of a day-fill-and-kill order, must be entered into the Globex platform no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. The first party's order must be entered first, as a day-limit order, followed immediately by the entry of the second order as a day-fill-and-kill order. The CS must occur within the same trading session. Failure to enter the buy and sell orders within 30 seconds after the entry of the RFQ will require a new CS to be initiated in order to proceed with the trade.

c. Committed Cross (“C-Cross”)

Following the pre-execution communication, a Request for Cross (“RFC”) order which contains both the buy and the sell orders must be entered into the Globex platform. Upon entry of the RFC, the Globex platform will display an indication that a cross will occur in five (5) seconds. In certain products as set forth in the Table in the Interpretations Section at the end of Chapter 5, a certain percentage of the quantity on the RFC will cross if the price of the RFC represents a new best price level or if the price of the RFC is equal to the best bid or offer and the quantity of the RFC is greater than the quantity at that current best bid or offer at the time of submission of the RFC to the Globex platform, and a better price for either the buy or sell order has not been entered into the Globex platform during the five (5) second period between entry of the RFC and the cross occurring.

d. RFQ + RFC Cross (“R-Cross”)

Following the pre-execution communication, a Request for Quote (“RFQ”) for the particular futures, options spread or combination must be entered into Globex. Thereafter, the RFC order must be entered no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade, except the RFC order in Dairy futures and options must be entered no less than five (5) seconds and no more than thirty (30) seconds after the entry of the RFQ. The RFQ and the RFC order must be entered within the same trading session. Failure to enter the RFC order within 30 seconds after the entry of the RFQ will require a new RFQ to be entered prior to the entry of the RFC order, which must be entered in accordance with the time parameters described above in order to proceed with the trade.

CBOT

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 restrictions shall not apply to block trades pursuant to Rule 526 or Exchange for Related Positions transactions pursuant to Rule 538.

539.C. Pre-Execution Communications Regarding Globex Trades

Parties may engage in pre-execution communications with regard to transactions executed on the Globex platform where one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the order under the following circumstances:

1. A party may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications.
2. Parties to pre-execution communications shall not (i) disclose to a non-party the details of such communications or (ii) enter an order to take advantage of information conveyed during such communications except in accordance with this rule.
3. Permissible Entry Methods for Orders

The following order entry methods for futures, options, swaps, spreads and combinations vary by product, as set forth in the Rule 539.C. Crossing Protocols Table (“Table”) in the Interpretations Section at the end of Chapter 5.

a. Globex Cross (“G-Cross”)

The first party’s order is entered into the Globex platform first. The second party’s order may not be entered into the Globex platform until a period of 5 seconds has elapsed from the time of entry of the first order.

b. Agency Cross (“A-Cross”)

A Cross Sequence (“CS”) is used by a broker to enter the buy and the sell orders into Globex. Following the pre-execution communication, a Request for Quote (“RFQ”) for the particular futures, options, spread or combination is entered into the Globex platform. Thereafter, a Cross Sequence, which is defined as the entry of a day-limit order followed immediately by the entry of a day-fill-and-kill order, must be entered into the Globex platform no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. The first party’s order must be entered first as a day-limit order, followed immediately by the entry of the second order as a day-fill-and-kill order. The CS must occur within the same trading session. Failure to enter the buy and sell orders within 30 seconds after the entry of the RFQ will require a new CS to be initiated in order to proceed with the trade.

c. Committed Cross (“C-Cross”)

Following the pre-execution communication, a Request for Cross (“RFC”) order which contains both the buy and the sell orders must be entered into the Globex platform. Upon entry of the RFC, the Globex platform will display an indication that a cross will occur in five (5) seconds. In certain products as set forth in the Table in the Interpretations Section at the end of Chapter 5, a certain percentage of the quantity on the RFC will cross if the price of the RFC represents a new best price level or if the price of the RFC is equal to the best bid or offer and the quantity of the RFC is greater than the quantity at that current best bid or offer at the time of submission of the RFC to the Globex platform, and a better price for either the buy or sell order has not been entered into the Globex platform during the five (5) second period between entry of the RFC and the cross occurring.

d. RFQ + RFC Cross (“R-Cross”)

Following the pre-execution communication, a Request for Quote (“RFQ”) for the particular futures, options spread or combination must be entered into Globex. Thereafter, the RFC order must be entered no less than fifteen (15) and no more than thirty (30) seconds after the RFQ in order to proceed with the trade. The RFQ and the RFC order must be entered within the same trading session. Failure to enter the RFC order within 30 seconds after the entry of the RFQ will require a new RFQ to be entered prior to the entry of the RFC order, which must be entered in accordance with the time parameters described above in order to proceed with the trade.

NYMEX/COMEX

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.

539.C. Pre-Execution Communications Regarding Globex Trades

Parties may engage in pre-execution communications with regard to transactions executed on the Globex platform where one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the order under the following circumstances:

1. A party may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications.
2. Parties to pre-execution communications shall not (i) disclose to a non-party the details of such communications or (ii) enter an order to take advantage of information conveyed during such communications except in accordance with this rule.
3. Permissible Entry Methods for Orders

The following order entry methods for futures, options, spreads and combinations vary by product, as set forth in the Rule 539.C. Crossing Protocols Table (“Table”) in the Interpretations Section at the end of Chapter 5.

a. Globex Cross (“G-Cross”)

The first party’s order is entered into the Globex platform first. The second party’s order may not be entered into the Globex platform until a period of 5 seconds has elapsed from the time of entry of the first order.

b. Agency Cross (“A-Cross”)

A Cross Sequence (“CS”) is used by a broker to enter the buy and the sell orders into Globex. Following the pre-execution communication, a Request for Quote (“RFQ”) for the particular futures, options, spread or combination is entered into the Globex platform. Thereafter, a Cross Sequence, which is defined as the entry of a day-limit order followed immediately by the entry of a day-fill-and-kill order, must be entered into the Globex platform no less than five (5) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. The first party’s order must be entered first as a day-limit order, followed immediately by the entry of the second order as a day-fill-and-kill order. The CS must occur within the same trading session. Failure to enter the buy and sell orders within 30 seconds after the entry of the RFQ will require a new CS to be initiated in order to proceed with the trade.

c. Committed Cross (“C-Cross”)

Following the pre-execution communication, a Request for Cross (“RFC”) order which contains both the buy and the sell orders must be entered into the Globex platform. Upon entry of the RFC, the Globex platform will display an indication that a cross will occur in five (5) seconds. In certain products as set forth in the Table in the Interpretations Section at the end of Chapter 5, a certain percentage of the quantity on the RFC will cross if the price of the RFC represents a new best price level or if the price of the RFC is equal to the best bid or offer and the quantity of the RFC is greater than the quantity at that current best bid or offer at the time of submission of the RFC to the Globex platform, and a better price for either the buy or sell order has not been entered into the Globex platform during the five (5) second period between entry of the RFC and the cross occurring.

d. RFQ + RFC Cross (“R-Cross”)

Following the pre-execution communication, a Request for Quote (“RFQ”) for the particular option or option spread or combination must be entered into Globex. Thereafter, the RFC order must be entered no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. The RFQ and the RFC order must be entered within the same trading session. Failure to enter the RFC order within 30 seconds after the entry of the RFQ will require a new RFQ to be entered prior to the entry of the RFC order, which must be entered in accordance with the time parameters described above in order to proceed with the trade.