## 415. **Block Trade Facility.**

Block Trades between a Member's customers, between a Member (acting for itself or its Customers) and another Member, or between a Member and any Customer or between different profit centers of a Member having separate account numbers may be effected only through the electronic Block Trading Facility or by telephonic means as provided by the Exchange, rather than on the Trading System, in accordance with the provisions of this Rule.

(a) A Member may conduct Block Trades only if the Member is an ECP.

(b) A Member may not enter into a Block Trade with or on behalf of any Customer unless such Customer is:

(i) An ECP; or

(ii) Advised in connection with such Block Trade by a Person with total assets under management exceeding $25 million and who is either:

(A) Registered as an investment adviser with the Securities and Exchange Commission, registered as a commodity trading advisor with the Commission, or exempt from such registration; on the condition that any block trade executed upon the advice of such exempt adviser is suitable for the advisee-Customer; or

(B) A foreign Person performing a similar role or function and subject as such to foreign regulation.

(c) A Member may effect a Block Trade on behalf of a Customer only if the Member has received an order to do so from the Customer. Such order must be recorded and time-stamped with the time the order is placed and the time the order is executed.

(d) A Member may not take the opposite side of a Block Trade with a Customer without such Customer's prior consent, which may be in the form of a blanket consent to all transactions effected after such consent is given.

(e) Block Trades may be transacted only in Contracts authorized for that purpose by the Exchange. The minimum number of contracts to qualify as a block trade under this rule are as follows:

| Contract | Minimum Number (7:20 am – 2:00 pm) | Minimum Number |
|---|---|---|
| ~~2 Year U.S. Treasury Note Future (FTNS)~~ | ~~1000*~~ | ~~250~~ |

| Contract | Minimum Number (7:20 am – 2:00 pm) | Minimum Number |
|---|---|---|
| Jumbo 2 Year U.S. Treasury Note Future (FTN2) | 200* | 50 |
| 3 Year U.S. Treasury Note Future (FTN3) | 1000* | 250 |
| 5 Year U.S. Treasury Note Future (FTNM) | 1000* | 250 |
| 10 Year U.S. Treasury Note Future (FTNL) | 1000* | 250 |
| 30 Year U.S. Treasury Bond Future (FTBX) | 500* | 250 |
| Option on Jumbo 2 Year U.S. Treasury Note Future (OTN2) | 100 | 100 |
| Option on 3 year U.S. Treasury Note Future (OTN3) | 500 | 500 |
| Option on 5 Year U.S. Treasury Note Future (OTNM) | 500 | 500 |
| Option on 10 Year U.S. Treasury Note Future (OTNL) | 500 | 500 |
| Option on 30 Year U.S. Treasury Bond Future (OTBX) | 500 | 500 |
| Russell 1000 Futures | 250 | 250 |
| Russell 2000 Futures | 250 | 250 |
| Currency Futures | 50 | 50 |

* See Rule 415(h) which requires a minimum of 2500 contracts (500 contracts for Jumbo 2 Year U.S. Treasury futures) if reported within 30 minutes.

(f) A Member may:

i. Not aggregate separate customer orders to meet the contract minimums set forth in subsection (e) except that a member with total assets under management exceeding $25 million and who is an investment adviser with the Securities and Exchange Commission, registered as a commodity trading advisor with the Commission, or exempt from any such registration on the condition that any aggregated block trade order executed by such exempt member is suitable for all Customers involved in such block trade or a foreign Person performing a similar role or function and subject as such to foreign regulation may aggregate multiple orders to meet the contract minimums for a Block Trade.

ii. Not aggregate different legs of a futures contract spread to meet the contract minimums set forth in subsection (e).

iii. Aggregate different legs of an options contract spread to meet the contract minimums set forth in subsection (e), as long as each leg is at least 200 contracts (or 40 contracts for Jumbo 2 Year U.S. Treasury futures). For a two-leg options trade, the aggregate amount may be less than the contract minimum if each leg is at least 200 contracts.

(f) Each time a Member quotes a Block Trade price, the Member must make clear to the potential counter-party(ies), whether a Member or Customer, that the price being quoted is a Block Trade price and not the traded price prevailing on the Trading System.

(g) The transaction may be consummated at a price mutually agreed upon by the parties to the transaction; provided that,

(i) the price for the Futures Contract does not exceed the range of the day's overall high and low by more than the following values (The range of the day's high and low is determined by a validation matrix~~);~~):

| Contract | Range |
|---|---|
| ~~2 Year Treasury Note Futures (FTNS)~~ | ~~0.05 percent (approximately 5 ticks)~~ |
| Jumbo 2 Year U.S. Treasury Note Futures (FTN2) | 0.05 percent (approximately 5 ticks) |
| 3 Year U.S. Treasury Note Futures (FTN3) | 0.05 percent (approximately 5 ticks) |
| 5 Year U.S. Treasury Note Futures (FTNM) | 0.1 percent (approximately 5 ticks) |
| 10 Year U.S. Treasury Note Futures (FTNL) | 0.1 percent (approximately 5 ticks) |
| 30 Year U.S. Treasury Bond Futures (FTBX) | 0.1 percent (approximately 5 ticks) |
| Russell 1000 | 0.2 percent. |
| Russell 2000 | 0.2 percent |
| Currency Futures | 0.1 percent |

(ii) or, in the case of an option, the price is no more than one-half the maximum applicable quote spread outside a price derived from a generally accepted theoretical model, which is based on the range of the day's underlying futures high and low (as determined by a validation matrix).

(h) Immediately upon agreeing to enter into the Block Trade transaction, or upon the market's opening (or re-opening) if the transaction is agreed to be entered into by the parties at a time when the market is closed, the Member who is the Block Trade buyer (or whose Customer is the Block Trade buyer) shall report the details of the Block Trade on the screen or by telephonic means as provided by the Exchange. With the exception of Block Trades that consist of at least 2500 U.S. Treasury futures contracts (500 contracts for Jumbo 2 Year U.S. Treasury futures), within 15 minutes of reporting the details of the Block Trade, the Member who is the Block Trade seller (or whose Customer is the Block Trade seller) shall confirm such Block Trade on the screen or by telephonic means as provided by the Exchange. For Block Trades that consist of at least 2500 U.S. Treasury futures contracts, the Member who is the Block Trade seller (or whose Customer is the Block Trade seller) shall confirm such Block Trade within 30 minutes. The Exchange shall immediately notify the parties to the transaction of the details of the Block Trade upon confirmation, and immediately update the Online Time and Sales Report to reflect the transaction.

(i) Upon request by any employee of the Market Supervision or Compliance Departments, Members must produce satisfactory evidence , including the name of the Customer if the transaction is in the name of an omnibus account or foreign broker, that the Block Trade was arranged in accordance with the Rules.

**416. —Exchange of Futures for Physicals Facility (EFPs~~).~~) and Exchange of Futures for Swaps Facility (EFSs) for Non-Currency Futures.**

Basis Trades, or EFPs~~-~~, and EFSs in non-Currency Futures may be arranged and executed by a Member ~~only~~ through the electronic Basis Trading Facility, the EFS Facility, respectively, or for both EFPs and EFSs by telephonic means as provided by the Exchange, ~~rather than on the Trading System,~~ in accordance with the provisions of this Rule.

(a) As used in this Rule a "Basis Trade" or "EFP" means a transaction consummated between two parties wherein one of the parties is the buyer of a Commodity and the seller of a Futures Contract, and the other party is the seller of the Commodity and the buyer of the Futures Contract. An "EFS" means a transaction consummated between two parties wherein one of the parties is the buyer of a Futures Contract and assumes the opposite market risk under a swap agreement, the other party is the seller of the Futures Contract and assumes the opposite market risk under the swap agreement, the parties exchange such Futures Contract for the swap agreement and the swap is excluded or exempt from regulation under the Act or Commission Regulations.

(b) (i) For ~~U.S. Dollar-denominated futures~~EFPs under this rule the Commodity being exchanged must have a high degree of price correlation to the Underlying Commodity, so that the Futures Contract would serve as an appropriate hedge for that Commodity.

~~(ii) For Euro-denominated futures, the Commodity being exchanged must consist of Euro-denominated government debt securities issued by a member state of the European Monetary Union with a minimum size of EUR 2 billion and having a maximum remaining maturity as follows:~~

~~[RESERVED]~~

(ii) ~~The quantity of the Commodity being exchanged must correspond with the quantity of the Underlying Commodity of the Futures Contract being exchanged, taking~~For EFSs, the fluctuations in the value of the swap must have a high degree of correlation to fluctuations in the price of the Underlying Commodity for the Futures Contract being exchanged, so that the Futures Contract would serve as an appropriate hedge for that swap.

(c) Taking into account any differences in the attributes of the Commodity or swap being exchanged (such as interest rates and maturity dates) and those of the Underlying Commodity and applying hedge ratios as and to the extent appropriate~~.~~;

(i) For EFPs, the quantity of the Commodity being exchanged must correspond with the quantity of the Underlying Commodity of the Futures Contract being exchanged; or

(ii) For EFSs, the notional amount of the swap being exchanged must correspond approximately with the quantity of the Underlying Commodity of the Futures Contract(s) being exchanged.

(d) The purchase and sale of the Futures Contract shall be simultaneous with the sale and purchase of the corresponding Commodity or the transfer of the swap.

(e) The transaction may be consummated at a price mutually agreed upon by the parties to the transaction; provided, that the price of the futures leg does not exceed the range of the day's overall high and low by more than the following values (The range of the day's high and low is determined by a validation matrix):

| Contract | Range |
|---|---|
| ~~2 Year U.S. Treasury Note Futures (FTNS)~~ | ~~0.05 percent (approximately 5 ticks)~~ |
| Jumbo 2 Year U.S. Treasury Note Futures (FTN2) | 0.05 percent (approximately 5 ticks) |
| 3 Year U.S. Treasury Note Futures (FTN3) | 0.05 percent (approximately 5 ticks) |
| 5 Year U.S. Treasury Note Futures (FTNM) | 0.1 percent (approximately 5 ticks) |
| 10 Year U.S. Treasury Note Futures (FTNL) | 0.1 percent (approximately 5 ticks) |
| 30 Year U.S. Treasury Bond Futures (FTBX) | 0.1 percent (approximately 5 ticks) |
| Russell 1000 Futures (FWR1) | 0.2 percent (approximately 5 ticks) |
| Russell 2000 Futures (FWR2) | 0.2 percent (approximately 5 ticks) |

(f) ~~Basis trades~~ Eligible Contracts:

~~(f)~~(i) EFPs may be transacted ~~only~~under this rule with respect to the following Futures Contracts:

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

~~(g) Contracts:~~

~~**[RESERVED]**~~

~~(i)~~ ~~For Euro-denominated products, Basis Trades~~EFSs may be transacted ~~with respect to a Delivery Month for a Futures Contract~~

~~on any Business Day up to and including the Business Day preceding the last Trading Day in that futures.~~

~~(ii) For U.S. Dollar-denominated Futures Contracts that specify physical delivery, Basis Trades may be transacted with respect to a Delivery Month for a Futures Contract on any Business Day up to and including the fifth Business Day immediately preceding the last business Day of that Delivery Month.~~

~~(iii) For U.S. Dollar-denominated Futures Contracts on Stock Indexes , EFPs may be transacted with respect to a Delivery Month on any Business Day prior to and including its final settlement day.~~

~~(h) Immediately upon agreeing to enter into a Basis Trade, or upon the market's opening (or re-opening) if the transaction is agreed to be entered into by the parties at a time when the market is closed, the Member who is the buyer of the Basis Trade (or whose Customer is the Basis Trade buyer) shall report the details of the Basis Trade on the screen or by telephonic means as provided by the Exchange. Within 60 minutes of reporting the details of the Basis Trade, the Member who is the seller of the Basis Trade (or whose Customer is the Basis Trade seller) shall confirm the Basis Trade on the screen or by telephonic means as provided by the Exchange. The Exchange shall immediately notify the parties to the transaction the details of the Basis Trade upon confirmation, and immediately update the Online Time and Sales Report to reflect the transaction.~~

~~(i) Upon request by any employee of the Market Supervision or Compliance Departments, Members must produce satisfactory evidence, (including, but not limited to, full documentation relating to the cash leg of the trade and, if the transaction is in the name of an omnibus account or foreign broker, the name of the Customer), that the Basis Trade was arranged in accordance with the Rules.~~

~~(j) Where a third party was responsible for executing the cash leg of a Basis Trade, any employee of the Market Supervision or Compliance Departments may require the Member to obtain and confirm the details of the cash leg of the trade and provide copies to the Exchange.~~

**~~417. Exchange of Futures for Swaps (EFSs) Facility.~~**

~~Exchange of Futures for Swaps, or EFSs, may be arranged and executed by a Member only through the electronic EFS Facility or by telephonic means as provided by the Exchange, rather than on the Trading System, in accordance with the provisions of~~ under this ~~Rule.~~

~~(a) As used in this Rule, an "EFS" means a transaction consummated between two parties wherein one of the parties is the buyer of a Futures Contract and assumes the opposite market risk under a swap agreement, and the other party is the seller of the Futures Contract and assumes the opposite market risk under the swap agreement, and the parties exchange such Futures Contract for the swap agreement.~~

~~(b) The swap must be a transaction that is excluded or exempt from regulation under the Act or Commission Regulations.~~

~~(c) The fluctuations in the value of the swap must have a high degree of correlation to fluctuations in the price of the Underlying Commodity for the Futures Contract being exchanged, so that the Futures Contract would serve as an appropriate hedge for that swap.~~

~~(d) The notional amount of the swap being exchanged must correspond approximately with the quantity of the Underlying Commodity of the Futures Contract(s) being exchanged, taking into account any differences in the attributes of the swap being exchanged and those of the Underlying Commodity.~~

~~(e) The purchase and sale of the Futures Contract shall be simultaneous with the transfer of the corresponding swap.~~

~~(f)~~(ii) ~~EFS trades may be transacted only~~rule with respect to the following Futures Contracts:

| Contract |
|---|
| ~~2 Year U.S. Treasury Note Futures (FTNS)~~ |
| Jumbo 2 Year U.S. Treasury Note Futures (FTN2) |
| 3 Year U.S. Treasury Note Futures (FTN3) |
| 5 Year U.S. Treasury Note Futures (FTNM) |
| 10 Year U.S. Treasury Note Futures (FTNL) |
| 30 Year U.S. Treasury Bond Futures (FTBX) |

~~The transaction may be consummated at a price mutually agreed upon by the parties to the transaction; provided, that the price of the futures leg does not exceed the range of the day's overall high and low by more than the following values (The range of the day's high and low~~

(g) Basis Trades in U.S. Treasury futures may be transacted with respect to a Delivery Month for a Futures Contract on any Business Day up to and including the fifth Business Day immediately preceding the last business

Day of that Delivery Month..Basis Trades and EFSs in other Contracts under this rule (including EFSs in U.S. Treasury futures) may be transacted with respect to a Delivery Month on any Business Day up to and including the Last Trading Day until trading has ceased in that Delivery Month.

~~(g)~~ Immediately upon agreeing to enter into a EFP or EFS, or upon the market's opening (or re-opening) if the transaction is ~~determined by a validation matrix):~~

| ~~Contract~~ | ~~Range~~ |
|---|---|
| ~~2 Year U.S. Treasury Note Futures (FTNS)~~ | ~~0.05 percent (approximately 5 ticks)~~ |
| ~~Jumbo 2 Year U.S. Treasury Note Futures (FTN2)~~ | ~~0.05 percent (approximately 5 ticks)~~ |
| ~~3 Year U.S. Treasury Note Futures (FTN3)~~ | ~~0.05 percent (approximately 5 ticks)~~ |
| ~~5 Year U.S. Treasury Note Futures (FTNM)~~ | ~~0.1 percent (approximately 5 ticks)~~ |
| ~~10 Year U.S. Treasury Note Futures (FTNL)~~ | ~~0.1 percent (approximately 5 ticks)~~ |
| ~~30 Year U.S. Treasury Bond Futures (FTBX)~~ | ~~0.1 percent (approximately 5 ticks)~~ |

~~(h) An EFS may be transacted with respect to a Delivery Month for a Futures Contract until the last Business Day permitted for such a transaction by the Exchange.~~

~~(i)~~(h) ~~Immediately upon agreeing to enter into an EFS, or upon the market's opening (or re-opening) if the parties agree to enter~~agreed to be entered into ~~the transaction~~ by the parties at a time when the market is closed, the Member who is the buyer of the EFP or EFS (or whose Customer is the EFP or EFS buyer) shall report the details of the EFP or EFS on the screen or by telephonic means as provided by the Exchange.- Within 60 minutes of reporting the details of the EFP or EFS, the Member who is the seller of the EFP or EFS (or whose Customer is the EFP or EFS seller) shall confirm the EFP or EFS on the screen or by telephonic means as provided by the Exchange. The Exchange shall immediately notify the parties to the transaction ~~of~~ the details of the EFP or EFS upon confirmation, and immediately update the Online Time and Sales Report to reflect the transaction.

(i) Upon request by any employee of the Market Supervision or Compliance Departments, Members must produce satisfactory evidence~~,~~ that the EFP or EFS was arranged in accordance with the Rules (including, but not limited to, full documentation relating to the non-futures leg of the EFP or EFS, master swap agreements and any supplements thereto in the case of an EFS and, if the transaction is in the name of an omnibus account or foreign broker, the name of the Customer~~) that~~).

(j) Where a third party was responsible for executing the cash leg of a Basis Trade, any employee of the Market Supervision or Compliance Departments may require the Member to obtain and confirm the details of the cash leg of the trade and provide copies to the Exchange.

**417. Exchange of Currency Futures for Physicals or for Swaps.**

EFPs and EFSs in Currency Futures may be arranged and executed by a Member through the facilities of the Clearing Organization in accordance with its procedures and the provisions of this Rule.

(a) As used in this Rule "EFP" means a transaction consummated between two parties wherein one of the parties is the buyer of a Commodity and the seller of a Currency Futures, and the other party is the seller of the Commodity and the buyer of the Currency Futures. "EFS" means a transaction consummated between two parties wherein one of the parties is the buyer of a Currency Futures and assumes the opposite market risk under a swap agreement, the other party is the seller of the Currency Futures and assumes the opposite market risk under the swap agreement, the parties exchange such Currency Futures for the swap agreement and the swap is excluded or exempt from regulation under the Act or Commission Regulations.

(b) EFPs in Currency Futures that are commonly referred to in the trade as "transitory EFPs" are permitted. A transitory EFP is an EFP in which the cash leg may partially or wholly offset a cash currency transaction; provided, however, that the execution of the EFP was not contingent on the execution of the cash currency transaction or that the cash currency transaction was not contingent on the execution of the EFP, the cash currency transaction was conducted in conformance with standard practices and documentation for the market in which the transaction occurred, and the EFP otherwise constitutes a *bona fide* transaction.

(c) (i) For EFPs under this rule the Commodity being exchanged must have a high degree of price correlation to the Underlying Commodity, so that the Futures Contract would serve as an appropriate hedge for that Commodity.

(ii) For EFSs, the fluctuations in the value of the swap must have a high degree of correlation to fluctuations in the price of the Underlying Commodity for the Futures Contract being exchanged, so that the Futures Contract would serve as an appropriate hedge for that swap.

(d) Taking into account any differences in the attributes of the Commodity or swap being exchanged (such as currency and maturity dates) and those of the Underlying Commodity and applying hedge ratios as and to the extent appropriate;

(i) For EFPs, the quantity of the Commodity being exchanged must correspond with the quantity of the Underlying Commodity of the Futures Contract being exchanged; or

(ii) For EFSs, the notional amount of the swap being exchanged must correspond approximately with the quantity of the Underlying Commodity of the Futures Contract(s) being exchanged.

(e) The purchase and sale of the Currency Futures shall be simultaneous with the sale and purchase of the corresponding currency or the transfer of the swap.

(f) The transaction may be consummated at a price mutually agreed upon by the parties to the transaction. If the price of the Currency Futures leg exceeds the range of the day's overall high and low, performance on the futures leg will be guaranteed by the Clearing Organization only in accordance with its procedures.

(g) Upon request by any employee of the Market Supervision or Compliance Departments, Members must produce satisfactory evidence that the EFP or EFS was arranged in accordance with the Rules~~.~~ (including, but not limited to, full documentation relating to the cash leg of the EFP, master swap agreements and any supplements thereto in the case of an EFS and, if the transaction is in the name of an omnibus account or foreign broker, the name of the Customer).

(h) Where a third party was responsible for executing the cash leg of a Basis Trade, any employee of the Market Supervision or Compliance Departments may require the Member to obtain and confirm the details of the cash leg of the trade and provide copies to the Exchange.

~~(j)~~(i) EFPs under this rule may be transacted with respect to a Delivery Month on any Business Day up to and including the Last Trading Day until 45 minutes after trading has ceased in that Delivery Month or until such earlier time the Clearing Organization may direct in order to accommodate its processing schedule.