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OFFICE OF THE SECRETARIAT

October 25, 2007

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

**RE: CME Rulebook Changes Resulting from Rulebook Harmonization
Project, CME Submission No. 07-90**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby submits the following:

- 1) Chapters 1-9 of the CME Rulebook marked to show changes from the current Rulebook and various product rules that have been marked to show certain non-substantive rule reference modifications.
- 2) A Special Executive Report regarding cross-exchange solicitation privileges applicable to CME members and Chicago Board of Trade ("CBOT") members on the trading floor.

As a result of a merger completed in July 2007, CME and the CBOT are affiliated under a common parent entity, CME Group Inc. The revisions to the CME Rulebook are designed to harmonize, to the extent possible, the CME Rulebook with that of the CBOT. With these rulebook changes, a more consistent and user friendly rulebook structure will be available to members and market participants on both CME and CBOT. The attached Special Executive Report will supplement the revised rulebook provisions with respect to members' solicitation of business from the trading floor.

The rule changes will be implemented by CME in three stages: 1) as of November 29, 2007, 2) upon migration of CBOT products to Globex® (currently scheduled for January 2008) and 3) upon CME and CBOT trading floor consolidation (currently scheduled for May 2008). The various chapters contain notes indicating which rules will be implemented at Globex migration or floor consolidation. All other rules not so noted will be effective on November 29, 2007.

Additional background regarding the CME-CBOT rulebook harmonization is available on the CME Group website.

The Exchange certifies these changes comply with the Commodity Exchange Act and the regulations thereunder.

If you have any questions regarding this matter, please call me at (312) 648-5422.

Sincerely,

/S/ Stephen M. Szarmack
Director and Associate General Counsel

SMS/6404

Chapter 1 Membership

100. GENERAL

Membership with full privileges in the CME Division shall be limited to 625; membership with full privileges in the IMM Division shall be limited to 813; membership with full privileges in the IOM Division shall be limited to 1287; and membership with full privileges in the GEM Division shall be limited to 413. Membership in the Exchange is a personal privilege subject to transfer only as authorized and on the conditions prescribed herein.

101. QUALIFICATIONS AND RESPONSIBILITIES

Any adult of good moral character, reputation and business integrity, with adequate financial resources and credit to assume the responsibilities and privileges of membership, is eligible for membership in the Exchange. A determination as to whether an applicant for membership or an applicant for an incentive program offered by CME satisfies the Exchange requirements shall be made by the Membership Committee or by staff in the applicable department. A person approved for membership and an individual or entity approved for an incentive program shall be subject to all of the rules and regulations of the Exchange. Notwithstanding a transfer of membership, a person shall continue to be responsible for violations of Exchange rules and regulations committed by him while he was a member and also agrees to have any disputes, which arose while he was a member and which relate to or arise out of any transaction upon the Exchange or membership in the Exchange, resolved in accordance with Chapter 6.

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.

PROCEDURES FOR PURCHASE, SALE AND TRANSFER

103. PURCHASE OF MEMBERSHIP AND MECHANICS OF PURCHASE

103.A. Purchase of Membership

The prospective purchaser of a membership shall sign and file with the Department a Bid to Purchase which shall be guaranteed by: a) a clearing member of the Exchange; or b) the deposit of a certified or cashier's check; or c) a wire transfer; or d) for swap transactions, the deposit of a CME, IMM, or IOM membership and/or a wire transfer or a certified or cashier's check. The Bid to Purchase shall contain an agreement by the purchaser to take no recourse against the Exchange in the event his Application for Membership is rejected (except as provided in Section 8c of the Commodity Exchange Act).

For Purposes of this Chapter 1, a membership in the Exchange may only be purchased in conjunction with the Class B Share coupled to such membership. References to a "membership" shall include the associated Class B Share. In addition, all of the forms described in Chapter 1 are available on the Exchange's CME's website at www.CME.com or in the Department.

103.B. Mechanics of Purchase

The Department shall post the lowest offer to sell and the highest bid to purchase a membership in each Division. The Department shall match bids and offers and, in the event of an agreement, shall promptly notify the purchaser and the seller. Within two business days of such notification, the purchaser shall deposit with the Department the following:

- a. A check, payable to the Exchange, for a transfer fee in an amount set by the Board; and

- b. (1) A wire transfer, or a certified or cashier's check, if not previously deposited, or a check or a wire transfer from a CME clearing firm, payable to the Exchange, in the amount of the purchase price or, (2) if the seller has filed a written consent, a CME, IMM, or IOM membership if not previously deposited, owned free of any Rule 110 claims or any other liens, representing partial or complete satisfaction of the purchase price, and constituting a partial or complete exchange of membership(s) to that extent. Pursuant to such an exchange of membership(s), the purchaser and seller each must file an indemnification agreement in favor of the Exchange from a clearing member by which the clearing member agrees to pay all valid Rule 110 claims against the purchaser or the seller, as the case may be, up to the value at the time of the exchange of the membership(s) transferred by such purchaser or seller.

104. SALE OF MEMBERSHIP

A membership in the Exchange may only be sold as provided for in the Rules. When the owner or the legal representative of an owner desires to sell a membership, he shall sign and file with the Department an Offer to Sell, which shall set forth the price at which he is offering his membership, and contain an agreement to the conditions of sale set forth in these rules.

Upon the sale of a membership, any and all membership privileges granted by these rules shall terminate.

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's~~ Such Application shall ~~include an agreement by the applicant 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 contain an agreement 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 mail and 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 ~~future~~ transactions or any other relationship regulated by the Exchange. A Long Form application shall not be considered during the posting period; however, upon request, Exchange staff may waive any part of the period.

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~~ shall procure a membership, otherwise his election to 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. ~~Exchange staff.~~

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 ~~agree to~~ 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 mail and~~ 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 ~~future~~ 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

~~Unless a properly completed Indemnification Form is filed by a member's qualifying clearing member, Transfers of memberships may only 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 a properly completed Indemnification Form is filed by a member's qualifying clearing member.~~

106.A. Authorization to Sell

An Authorization to Sell ("Authorization Agreement") is a grant of authority by a member or applicant for membership that may be used only for the purposes specified in ~~this~~ Rule 106.B. Authorization Agreements shall be effective only if executed on the form supplied by the Exchange and filed with the Department. Authorization Agreements shall be irrevocable without the written consent of the grantee.

A member or applicant for membership who executes an Authorization Agreement relinquishes his power to direct the sale of his membership. A grantee shall have all powers of sale that otherwise would have been available to the grantor. The Exchange shall act at the grantee's direction as if the grantee was the member-owner.

Private agreements between the grantor and the grantee shall not be recognized by the Exchange and shall not affect the rights of the Exchange or its members. The grantee shall be entitled, in addition to any other rights he may have under Rule 110, to the residual proceeds after all Rule 110 claims have been satisfied up to the amount of the outstanding debt owed.

106.B. Security Transactions

A member, applicant for membership or a Non-Member Investor, may execute an Authorization Agreement, in favor of a clearing member, a financial institution or bank, or in

favor of the member that financed the purchase of the membership and associated Class B Share in order to secure any outstanding debt connected with that financing.

A member, applicant for membership or a Non-Member Investor, may execute an Authorization Agreement in favor of a member or clearing member to whom the member is indebted or may become indebted by reason of transactions upon the Exchange in order to secure such current or future debts.

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 ~~mother, father~~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. 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.
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.C. during the pendency of probate.
4. Upon a transferor's expulsion from the Exchange, the transfer shall be revoked and the membership shall revert to the transferor who must sell the membership within 30 days.
5. Upon approval for membership, the transferee shall be treated as a member for all purposes, except that the transferee shall have no authority to sell, transfer or assign the membership. The transferor shall be considered the member and an assignment of the membership for clearing purposes pursuant to Rule 902 shall not be terminated by the transferee.
6. The transferor may sell the membership at any time in accordance with the provisions of Rule 104 or transfer the membership and associated Class B Share pursuant to Rule 106. The proceeds of the sale of the membership and associated Class B Share will be distributed to the transferor following the settlement of all claims pursuant to Rule 110.
7. 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.

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. 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 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 ~~or the transferor's expulsion from the Exchange.~~ 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. The transferor is eligible to be elected to the Board of Directors as a Class B-1 Director, Class B-2 Director or Class B-3 Director (as such terms are defined in the Certificate of Incorporation), whichever is applicable. A transferor who is a member of the Board may have access to the trading floor in order to meet with other members, but 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. ~~Reserved.~~ 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 clearing purposes pursuant to Rule 902.
8. 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 transferor from receiving proceeds under Rule 110.
9. ~~Reserved.~~ Upon a transferor's expulsion from the Exchange, the transfer shall be revoked and the membership shall revert to the transferor who must sell the membership within 30 days.
10. Except as provided in Rule 135, any transferee approved for membership pursuant to this Rule 106.D. after January 7, 1985, who was not a member as of January 7, 1985, shall be eligible to execute trades only for his own account for a cumulative period of twelve (12) months following his or her election to membership unless exempted there from by the Membership Committee.
11. A lease entered into on or after February 1, 1996, which is terminated by a transferee prior to its expiration date, shall be controlled by the following early cancellation payment obligation:

A transferee who unilaterally terminates a lease remains obligated to make the agreed rental payments to transferor until the end of the term of the lease; however, transferee's obligation to make such rental payments shall be reduced by the amount of rental payments received by transferor if transferor is able to lease the membership to another person during the remaining term of the original lease. Transferor must use his best efforts to lease the membership to another person as soon as possible and at the highest possible rental obtainable based on similar leases, if any, then being executed.

12. A lessor shall notify the Exchange, in a manner designated by the Exchange, of the terms of a new lease agreement or any renewal of a lease agreement within two (2) business days of the negotiation of the lease agreement, or renewal thereof. A lessor's failure to comply with this Rule 106.D.12 may result in the issuance of a warning letter to the lessor. A lessor may then be subject to an automatic fine of \$500 and \$1000 respectively for a second and third violation of this rule within a rolling 12-month period from the issuance of the warning letter. Repeated violations of this rule may be referred to a disciplinary committee, ~~for further review.~~
13. For leases expiring on or after December 31, 2006, unless otherwise previously agreed to by the transferor and the transferee, notice must be provided by the parties of their intention to continue a leasing arrangement at least ten (10) days prior to the expiration of the current lease term. If either party fails to provide such notice, it is assumed that the lease will not be renewed upon its expiration. Terms of the renewal, if any, will be subject to negotiation between the parties.

106.E. Unconditional Bequests and Bona Fide Gifts of Membership

A member or Non-Member Investor may make a bona fide gift or bequest of membership. The bona fide gift may be made only to immediate family members as defined in Rule 106.C. Unless otherwise required by law, a letter affirming the gift or Letters of Office from the Probate Court and a letter from the decedent's personal representative allowing the transfer will be required as a precondition of transfer.

106.F. Clearing Member Transfers

A membership may be owned by a clearing member, or a person or an entity having an acceptable proprietary interest in the clearing member. The membership may be transferred to a member provided that: (1) the transfer is approved by Exchange staff; and (2) the transferee is approved pursuant to the rules of the Exchange.

106.G. Transfer by Wholly-Owned Entities

A membership may be transferred to an entity which is wholly-owned by the member or his immediate family members as that term is used in Rule 106.C spouse, children, parents or siblings. Transfers pursuant to this authorization shall be limited to transfers pursuant to Rules 106.C., D. or E.

A 106.G. transferee may assign the membership for clearing purposes in accordance with Rule 902.

106.H. Trading Corporate Member Firm Transfers

A membership may be owned by, or two memberships may be leased by, a ~~corporate trading~~ member firm. The memberships may be held in the name of the ~~corporate trading~~ member firm or transferred to an principal or employee of the ~~corporate trading~~ 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; and;~~ and (3) the transfer is for the legitimate business purposes of the firm. The firm shall have the right, at any time, to have the principal or employee disqualified from trading, but must have him disqualified upon termination of his employment or other association with the firm. Notice to have the principal or employee disqualified from trading must be given to ~~the employee's~~ his qualifying clearing member who in turn must notify the Exchange pursuant to Rule 511.A. The ~~corporate 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. membership may not be transferred pursuant to any other provision of Rule 106.C., D., F., G., I or R. The membership and associated Class B Share may not be assigned for clearing purposes under Rule 902.

Rule 106.H. ~~corporate trading~~ member firm benefits ~~only~~ apply only to the firm's proprietary trading and not to the trading of any affiliates, subsidiaries or customers. All proprietary positions of the ~~corporate 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.

A Rule 106.H. ~~corporate member~~ firm may not hold itself out to the public as an Exchange clearing member.

106.I. Affiliate Related Party Employee Transfers Member Firm

An ~~"affiliate related party"~~ shall be defined to include a clearing member or a firm that either: owns, directly or indirectly, 100% of a clearing member or has 100% ownership, direct or indirect, in common with a firm that owns, directly or indirectly, 100% of a clearing member.

A membership may be owned by a clearing member or ~~related party~~ affiliate firm under this Rule. The membership may be held in the name of the firm or transferred to an principal or employee of an affiliate ~~related party~~ that directly or indirectly owns or is owned by all other ~~affiliate related parties~~ within the organization of affiliate related parties 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 related party~~ shall have the right, at any time, to have a principal or the employee disqualified from trading, but must have him disqualified upon termination of his employment or other association with the firm. Notice to have the principal or employee disqualified from trading must be given to ~~the employee's~~ his qualifying clearing member, and such clearing member must subsequently notify the Exchange pursuant to Rule 511.A. The clearing member or ~~related affiliate party~~ 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.

A Rule 106.I. membership may not be transferred pursuant to any other provision of Rule 106.C., D., E., F., G., H. or R. The membership may not be assigned for clearing purposes under Rule 902.

Rule 106.I. firm benefits apply to the proprietary trading activity of any ~~affiliate related party~~ within the 100% related party structure. All proprietary positions of the firm and its ~~affiliate related parties~~ must be carried by a clearing member(s) in accounts separate from positions of ~~affiliates~~, subsidiaries, customers and other entities.

A Rule 106.I. ~~non-member~~ firm may not hold itself out to the public as an Exchange clearing

member.

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

106.J. [Reserved]

106.K. Transfer to a Trust

A member may transfer his membership to a trust for which the member is the grantor. The document(s) establishing the trust shall at all times include the restrictions as to permissible beneficiaries and state that (1) the trust takes the membership subject to all of the rules of the Exchange, as may be amended, (2) the interests in the membership that inure to the beneficiaries of the trust shall be subject to all of the rules of the Exchange, as may be amended, (3) the Exchange's rights with respect to the membership are superior to those of the beneficiaries, and (4) the Exchange shall have no liability to the beneficiaries of the trust in the event of the mishandling of the trust assets by the trustee. Permissible beneficiaries are immediate family members as set forth in Rule 106.C. The grantor (or the grantor's personal representative) and the trustee (and any successor) shall each provide in the form provided by the Exchange an acknowledgment that the trust takes the membership subject to all of the rules of the Exchange and that the trust is in compliance with the requirements of this Rule. The grantor shall comply with any request to produce trust information made by Exchange staff.

If such a transfer is made by a bona fide gift or bequest, it shall also be subject to the requirements of Rule 106.E.

The grantor's liability to the Exchange under Rule 439 shall continue with respect to any claim arising out of an act or omission occurring prior to such transfer, and the membership will continue to be treated as the asset of the grantor for the purposes of Rule 439 and for otherwise meeting any obligations to the Exchange arising out of the grantor's use of the membership prior to the transfer to the trust, including fines imposed with respect to conduct occurring prior to the transfer.

A membership held pursuant to a transfer under this section may be assigned for clearing privileges or reinstated to the transferor pursuant to this section.

The transfer shall be revoked and the membership shall revert to the transferor upon official notice to the Exchange that the trust has been revoked. The membership must be transferred out of the trust within 90 days of the closing of the member's estate.

106.L. Transfer of Membership Created by the Membership Rights Program

Exchange staff is authorized to allow the transfer of the ownership of record of any membership created by the combination of four quarter memberships pursuant to the Membership Rights Program provided that the transferor and the transferee have each continuously maintained at least a quarter interest in the membership from the date of the combination of the membership.

106.M. Transfer to Joint Tenants With Right of Survivorship

A member may transfer his membership to himself and a member of his immediate family, as defined in Rule 106.C., as joint tenants with right of survivorship.

The joint tenants shall designate on a form provided by the Exchange which one of them shall be authorized to deal with the Exchange with respect to the membership transferred under this Section. The designee may qualify for membership by satisfying the requirements of Chapter 1 of these rules, and shall be treated as a member for all purposes. In the designation form, the joint tenants shall acknowledge that the designee shall have the exclusive right to transfer the membership or to execute a ~~Control Agreement~~ Authorization to Sell pursuant to Rule 106.A. and that the Exchange shall have no liability to the non-designee in the event of such transfer or execution or the mishandling of the membership by the designee. The joint tenants may at any time change such designation in writing signed by both of them, and each such change shall be deemed a transfer for the purposes of these rules. Upon such change in designation, the new designee may qualify for membership by satisfying the requirements of Chapter 1 of these rules.

Whether or not the transferor is the designee, the transferor's liability to the Exchange under Rule 439 shall continue with respect to any claim arising out of an act or omission occurring prior to a transfer under this rule, and the membership will continue to be treated as an asset of the transferor for the purposes of Rule 439 and for otherwise meeting any obligations to the Exchange arising out of the transferor's use of the membership prior to such transfer, including fines imposed with respect to conduct occurring prior to the transfer.

Upon receipt of satisfactory proof of the death of a joint tenant, the Exchange will transfer the membership to the survivor.

Upon receipt by the Exchange of written notice signed by both joint tenants terminating joint ownership of the membership transferred under this section and instructing the Exchange to transfer the membership to one of the joint tenants as sole owner, the Exchange shall transfer such membership pursuant to such instructions.

A membership held pursuant to a transfer under this section may not be assigned for clearing privileges under Rule 902.

106.N. GEM Institutional Access Firm

A GEM membership may be owned by a non-member firm. The membership may be held ~~in~~ the name of the firm or may be transferred to an employee of the non-member firm and transferred among its 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 a futures customer business with U.S. customers. The firm shall have the right, at any time, to have the employee disqualified from trading, but must have him disqualified upon termination of his employment with the firm. Notice to have the employee disqualified from trading must be given to the employee's qualifying clearing member. The non-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.C., D., F. or G. The membership may not be assigned for clearing purposes under Rule 902.

Rule 106.N. non-member firm benefits ~~only~~ apply only to the firm's proprietary trading and not to the trading of any affiliates, subsidiaries or customers. All proprietary positions of the non-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. ~~non-member~~ firm may not hold itself out to the public as an Exchange 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.

106.O. Transfer of GEM Membership

Ownership of record of a GEM membership that was formed by the combination of GEM fractional interests may be transferred to any of the members whose fractional interests were combined to form that GEM membership.

106.P. Transfer to a Family Limited Partnership

A member may transfer his membership to a Family Limited Partnership ("FLP") with respect to which all partners are members of the member's family who would be eligible for a family transfer from the member pursuant to Rule 106.C. The limited partnership agreement or other document(s) governing the FLP shall at all times prohibit transfers of an interest in the FLP to any person who is not eligible pursuant to Rule 106.C and shall state that (1) the FLP's interest in the membership shall at all times be subject to all of the rules of the Exchange, as may be amended, including, but not limited to, Rule 110 and, if the membership is assigned to a clearing member for clearing qualification, Rule 902; (2) management of the FLP shall be vested exclusively in a managing general partner, who may qualify for membership by satisfying the requirements of Chapter 1 of these rules; and (3) the Exchange shall have no liability to the partners for any loss, damage, or expense resulting from any acts or omissions by the managing general partner or any person acting by or through the authority of a general partner. The transferor and the managing general partner (and any successor) shall each provide in the form provided by the Exchange a certification that the FLP acquires the membership subject to all of the rules of the Exchange and that the FLP is in compliance with the requirements of this Rule. The FLP also may transfer the membership back to the transferor.

If the transfer of a membership to the FLP is made by a bona fide gift or bequest, it shall also be subject to the requirements of Rule 106.E.

Transfer of a membership pursuant to this rule shall not relieve the transferor of any liability to the Exchange under Rule 439 with respect to any claim arising out of an act or omission

occurring prior to such transfer, and the membership will continue to be treated as the asset of the transferor for the purposes of Rule 439 and for otherwise meeting any obligations to the Exchange arising out of the transferor's use of the membership prior to the transfer to the FLP, including fines imposed with respect to conduct occurring prior to the transfer.

A membership held pursuant to a transfer under this section may be assigned for clearing purposes under Rule 902.

106.Q. [Reserved]

106.R. Electronic Corporate Member Firm Transfers

A membership may be owned by, or two memberships may be transferred to a proprietary trading firm. The membership may be held in the name of the firm or transferred to an principal or employee of the electronic corporate member proprietary trading 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; and (3) the transfer is for the legitimate business purposes of the firm. The electronic corporate member proprietary trading firm shall have the right, at any time, to have the principal or employee disqualified from trading, but must have him disqualified upon termination of his employment or other association with the firm. Notice to have the principal or employee disqualified from trading must be given to the employee's qualifying clearing member who in turn must notify the Exchange pursuant to Rule 511.A. The electronic corporate member proprietary trading 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.R. membership may not be transferred pursuant to any other provision of Rule 106.C., D., E., F., G., H. or I. The membership may not be assigned for clearing purposes under Rule 902.

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

A Rule 106.R. membership does not confer upon a holder or transferee of such membership the ability to access the trading floor. In addition, an individual that has owned or held a CME, IMM or IOM membership in the previous two years, may not be a holder or transferee of a Rule 106.R. membership.

A Rule 106.R. Electronic Corporate Member firm may not hold itself out to the public as an Exchange clearing member.

106.S. Family of Funds Member Firm Transfers

A membership may be owned under this Rule by: (1) a clearing member that is a hedge fund or a fund management company; (2) a fund management company of a clearing member; or (3) a fund that is part of the family of funds of a clearing member. The membership may be held in the name of the fund management company or an approved fund and may be transferred to an 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 have the principal or employee disqualified from trading, but must have him disqualified upon termination of his employment or other association with the company. Notice to have the principal or employee disqualified from trading must be given to the employee's qualifying clearing member who in turn must notify the 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.

A Rule 106.S. membership may not be transferred pursuant to any other provision of Rule 106.C., D., F. or G. The membership may not be assigned for clearing purposes under Rule 902.

For each CME, IMM or IOM membership owned by such fund management company or fund over the requirement needed to qualify as a clearing member, Rule 106.S. benefits shall apply to the proprietary trading activity of up to five funds within the family of funds managed by the

fund management company. All proprietary positions of each fund must be carried by a clearing member(s) in accounts separate from positions of affiliates, subsidiaries, customers and other funds within the family of funds.

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

107. APPROVAL OF APPLICANT

Department staff shall review and approve applicants for membership on the Exchange. Such approval shall be based upon admission criteria established by the Membership Committee. The Membership Committee shall review applicants for membership not meeting the staff administered admission criteria.

Department staff shall inquire into and be satisfied with respect to the reputation and financial responsibility of the applicant and the details of the financial arrangements made in connection with the purchase or transfer of the membership. After review of all of the information, a decision shall be made as to whether the applicant is qualified for membership.

An applicant not approved for membership –by Department staff shall be referred to a panel of the Membership Committee. A panel of the Membership Committee shall consist of two members and a chairman, who shall have a vote. A unanimous vote of the panel is required for approval of the applicant.

An applicant approved for membership either by Department staff or the Membership Committee, as applicable, shall assume the responsibilities and privileges of membership once a membership is obtained.

108. [RESERVED]

109. REJECTION OF APPLICANT

If an applicant is rejected by the Membership Committee panel, the applicant may appeal the decision to the full Membership Committee. The Membership Committee, consisting of five members and a chairman, shall decide, by majority vote, whether the applicant is qualified for membership. The decision of the Membership Committee shall be final. An applicant rejected by the Membership Committee may be reconsidered for membership if new or additional information is subsequently brought to the attention of the Membership Committee. If an applicant is rejected for membership or if for any reason his application is withdrawn, the Exchange shall retain the processing fee and the applicant shall assume all risk of gain or loss from the resale of the ~~any~~ membership purchased by him prior thereto.

If the applicant executed and filed an Authorization to Sell pursuant to Rule 106.A form with the Department in connection with the financing of the purchase of a membership, then the proceeds of any sale of such membership shall be paid to the holder of the Authorization form (i.e., the pledgee) grantee, up to the amount of the debt, including interest.

110. CLAIMS AGAINST MEMBERSHIP, APPLICATION OF PROCEEDS

For the purposes of this rule: "sale" shall include a sale made pursuant to Rule 104 or a transfer made in accordance with the provisions of Rule 106; "seller" shall include firms that have membership privileges pursuant to Rules 106. F., G., H., I., N., R. or S.; and "claim" shall be limited to claims involving incidents that occurred prior to the sale of the membership and which arose in connection with transactions on the Exchange or membership in the Exchange.

Claims resulting from conduct subsequent to the sale of a membership may not be asserted against that membership or its proceeds. All claims against the seller's membership or its proceeds shall be submitted in writing to the Department within 20 days of the posting of notice of the sale of said membership. At the conclusion of the 20-day claim filing period, the Market Regulation Department and the Department shall conduct an investigation of all claims properly filed against the seller's membership or its proceeds. This investigation shall be completed within 20 days unless the investigation cannot be resolved within that period.

The total proceeds of the sale, or in the case of a transfer, the value at the mid-point of the bid-offer spread as of the date of the transfer, of the membership shall be applied to the following purposes and in the following order of priority:

- a. Payment of all dues, fines, contributions, charges and other indebtedness due to the Exchange, the CME Gratuity Fund or GFX Corporation;
- b. Payment of any indebtedness to the clearing member who last qualified the selling member prior to the sale arising out of a pledge of: (i) such membership as collateral

security on such indebtedness, or (ii) a deficit which the Exchange staff determines to have arisen directly out of transactions on the Exchange or transactions with GFX Corporation;

- c. Payment of amounts due to ~~members and other clearing members~~ on claims filed which the Exchange staff determines to have arisen directly out of transactions on the Exchange;
- d. Payment of amounts due to members and member firms on claims filed which the Exchange staff determines to have arisen directly out of transactions on the Exchange;
- de. Payment of amounts due to public customers of the seller based on claims filed by such customers or based on reports of the Market Regulation Department, which claims are determined by the Exchange staff to be based upon misappropriation of customer funds, improperly executed transactions, unpaid credit balances, or other similar matters, directly related to transactions on the Exchange;

No other claims against the proceeds of the sale of a membership shall be recognized and administered by the Exchange, but the creditors of the seller of a membership not falling in the foregoing categories may pursue other legal means of securing payment of their obligations.

The Exchange staff shall make a final determination of all claims filed in time or reported by the Market Regulation Department and the Department against the proceeds of the sale of a membership.

Except as provided in Rule 913, the Exchange staff shall make a distribution of such proceeds within 40 days after receiving notification and confirmation of the sale of the membership, unless claims to the proceeds are not resolved within that period. If, however, at such time an Exchange disciplinary proceeding is pending against the seller or, based upon a pending investigation, is highly probable, or if a legal proceeding, in respect to which the indemnification provisions of Rule 439 would operate, is pending, has been announced or is highly probable, then the Exchange staff shall retain so much of the proceeds as determined by staff in order to satisfy such obligations until such time as the pending matter is concluded.

Distribution of proceeds shall be made by the payment of claims in the categories listed in this rule to the extent the proceeds from the sale are sufficient to meet those obligations. If the proceeds of the sale of a membership are insufficient to pay all amounts determined to be due under the categories listed in this rule, the proceeds shall be applied to pay the full amounts determined to be due under subparagraphs a, b, c, ~~and d~~ and e in the priority named. If the proceeds are insufficient to pay the amounts determined to be due under any priority, the claims due under that priority shall be paid pro rata, and the remaining priorities shall be left unpaid. In determining the amount of any claim, the Exchange staff shall first deduct the fair cash value of any collateral held by that claimant. Creditors of the seller of a membership whose obligations are not fully satisfied pursuant to this paragraph may pursue other legal means of securing payment of their obligations.

The surplus, if any, shall be paid to the person whose membership was sold or his legal representative or a 106.A.-B. Grantee, as applicable, upon the execution of a satisfactory release. The Exchange staff's determination and allowance of claims hereunder shall be final. The death, incompetence, expulsion, suspension, insolvency or bankruptcy of a member shall not affect the rights of claimants under this rule.

(Next Rule 420)

111.— 119. [RESERVED]

PRIVILEGES AND RESPONSIBILITIES

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 guilty of a major offense deemed to have committed an act detrimental to the interest or welfare of the Exchange, except as provided by Rule 194. A member who trades products on Globex® as ~~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 the requirements of Chapter 5; and
- c. To receive member or lessee clearing fee rates in accordance with Exchange requirements.

122. MEMBERSHIP DUES AND ASSESSMENTS PAYABLE

Dues and other amounts owed to the Exchange, including CME Gratuity Fund dues and assessments, and amounts owed to the CME Club 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 ~~attempt to use reasonable efforts to~~ notify the member before any privileges are forfeited.

Each permit holder's employing clearing member is responsible for the payment of the permit holder's dues, fees and assessments.

123. COMPLIANCE WITH THE COMMODITY EXCHANGE ACT

All members of the Exchange shall comply with the provisions of the Commodity Exchange Act and the rules and regulations duly issued pursuant thereto by the CFTC, including the filing of reports, maintenance of books and records, and permitting inspection and visitation by duly authorized representatives of the CFTC.

124. VIOLATIONS OF COMMODITY EXCHANGE ACT

Within a reasonable time following the receipt of final notice under Section 6(b) of the Commodity Exchange Act from the CFTC that any person has been found guilty of violating the provisions of the Commodity Exchange Act, Exchange staff shall take the necessary action to effectuate the order of the CFTC, as applicable, and shall report such action to the Board.

125. GRATUITY FUND

Every person becoming a member of the Exchange who is not leasing a membership and every person becoming a member of any Division of the Exchange, whether now or hereafter existing, who at the time of his admission has not attained his 55th birthday, shall automatically become a member of Chicago Mercantile Exchange Inc. Gratuity Fund and shall be required to pay the initial fee and all assessments imposed, in compliance with the by-laws of said Gratuity Fund and shall be bound by said by-laws and all amendments thereof and by such other rules and regulations as may be adopted by the Board of Directors of the Exchange or the Gratuity Fund in conformity with such by-laws. Every person who becomes a member of the Gratuity Fund shall be required to continue as a member thereof so long as ~~he~~ continues as a member of the Exchange or any of its Divisions.

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' ~~their~~ 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.

~~(Next Rule 131)~~

127. TRADING AND SOLICITATION PRIVILEGES [THE RULE WILL BE ADOPTED NO LATER THAN TRADING FLOOR CONSOLIDATION]

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 division or designated Expanded-Access Products. The Exchange shall designate the CME products which CME and CBOT members may solicit from the combined CME and CBOT trading floor.

127.-130. [RESERVED]

INVOLUNTARY SALE

131. EXPULSION FOR FRAUD OR DISHONESTY PRIOR TO ELECTION TO MEMBERSHIP

A member who is found to have been guilty of fraud or dishonest conduct prior to becoming a member and of failing to make full disclosure thereof in his application for membership, or who is found guilty of having made a false statement of a material fact in or in connection with his application, may be expelled from membership in the Exchange upon the affirmative vote of a majority of a Hearing Committee of the Board.

132. [RESERVED]

133. SALE OF MEMBERSHIP WHEN MEMBER DEFAULTS

If CME Exchange staff determines that a member or a firm that has membership privileges is in default upon any financial obligation due to the Exchange or any financial obligation to another member or to a clearing member in connection with transactions on the Exchange, the CEO may order the membership of the defaulting member or firm sold and the proceeds applied as provided in Rule 110. If, within 30 days of such CEO order of sale, the defaulting member or firm satisfies the indebtedness due and provides proof of such satisfaction to the staff, the ordered sale of the membership shall be cancelled. If full payment is not made within the 30-day period, then the membership involved shall be sold at public auction within 10 days after the expiration of the 30-day period and upon five days' notice to the defaulting member or firm, which notice shall also be publicly posted at the Exchange. The public auction sale shall be conducted by the staff in accordance with the following procedures. The highest bid to purchase a membership in the applicable division on file with the Department shall be considered the initial bid at the auction. Thereafter, any person may attend and bid at the auction. If the proceeds from the sale are less than the indebtedness of the defaulting member or firm, such debtor shall remain liable to the Exchange or its members or clearing members for the deficit.

134. [RESERVED]

135. GEM DIVISION

135.A. Trading Privileges of GEM Members

A GEM member shall have access to the trading floor to trade and fill orders in all products assigned to the GEM Division and all products available pursuant to Rule 194 hereinafter collectively referred to as GEM accessible products. GEM members may not, while on the floor of the Exchange, enter orders for 1) products of other Divisions except for bona fide spread transactions involving GEM accessible products; or 2) any CBOT product. **[THE CHANGE WILL BE ADOPTED NO LATER THAN TRADING FLOOR CONSOLIDATION]** GEM members may not solicit business from the floor of the Exchange except for business in GEM accessible 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 accessible products during that holding period. Lessees in all divisions may fill orders in GEM accessible 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.

136.-139. [RESERVED]

140. AGRICULTURAL BUSINESS SOLICITATION PERMIT PROGRAM

140.A. Number of Permits

The Exchange shall authorize and issue 50 Permits for Agricultural Solicitation (PASs). PASs that have been revoked, withdrawn, or abandoned may be reissued. If applicants for PASs exceed available PASs, Exchange staff may allocate PASs among applicants based on an applicant's commitment to develop agricultural business at the Exchange.

140.B. Eligibility and Approval

An application for a PAS must meet all conditions for and be approved for membership on the Exchange. Upon approval for membership, the PAS holder shall be subject to the rules of the Exchange. An applicant for a PAS must be an Associated Person registered with the NFA and be an employee of a CME clearing member. The foregoing qualifications must be met at all times.

140.C. Term of Permits

PASs shall be valid for a period of three years, beginning with the date of issuance to the PAS holder. PASs may be renewed with the approval of the Board of Directors.

140.D. Cost of Permits

PASs will be offered at a price of \$250 per month with payments to be remitted quarterly. Accordingly, a PAS holder shall pay \$750 at the start of each quarter.

140.E. PAS Privileges

PAS holders shall have access to the trading floor to solicit customer business only for CME agricultural products. While on the floor, PAS holders shall not solicit business for other products and shall not be compensated for processing any customer orders to trade other products. A PAS holder may continue to receive a salary from the CME clearing member that employs the PAS holder.

1. A PAS's customers shall be carried directly on the books of an Exchange clearing member.
2. A PAS holder shall be supervised by a member present on the floor.
3. PAS holders shall be required to make a continuing bona fide effort to solicit customer business.

140.F. Additional Limitations of PAS Holders

1. A PAS conveys no equity to the holder at expiration.
2. A PAS does not entitle the holder to voting privileges or attendance at members' social functions.
3. A PAS holder shall have no minimum net capital requirement.
4. A PAS holder shall not be eligible to ~~execute orders~~ execute orders ~~floor brokerage~~ or to trade any

futures or options contracts on the Exchange for his own account.

140.G. Jurisdiction

Exchange staff shall have the greatest latitude in determining whether permit holders have complied with the rules of the program. In the event that Exchange staff determines that a PAS holder has failed to comply with the rules of this program, it shall have the authority to suspend floor privileges and to revoke the permit. In no event, however, shall a permit holder be entitled to the return of any portion of the cost of the permit.

(Next Rule 194)

141.-193. [RESERVED]

194. NEW PRODUCT ACCESS PROGRAM

194.A. General

The New Product Access Program ("Program") is intended to increase for a limited time the number of individuals eligible to trade new products by allowing participating members in all divisions to trade, broker and solicit customer business in such products from the trading floor.

Every product listed for trading by the Exchange after the effective date of this Program will be regarded as a "new product" covered by this Program unless the Board of Directors determines that such product should not be covered by this Program. A new product that merely modifies or replaces an existing product will not be covered by this Program. The Board may also, at its discretion, allow participating members to have access to certain existing products under the terms of this Program.

194.B. Trading Privileges and Restrictions

Participating members are entitled to trade and solicit customer business in a new product until that product's Initial Termination Date. The "Initial Termination Date" for a new product shall be the later of (1) two years after the date that trading in such product starts or (2) the first day of the month after volume of trading for that product (futures and options combined) averaged at least 1,000 contracts per day in CTI-4 non-member trades for a 90-day period.

Notwithstanding the previous paragraph, the Board of Directors may grant exceptions to this rule.

Members participating in the Program may enter orders for specified futures or options in other divisions as part of a spread with a new product position. The new product leg of the spread must be executed simultaneously with or before the other leg.

194.C. Brokerage Privileges and Restrictions

Participating members are entitled to broker a new product until the earlier of (1) the Initial Termination Date for such product or (2) three months after the volume of trading for such product (futures and options combined) averaged at least 1,000 contracts per day in CTI-4 non-member trades for a 90-day period. Thereafter, a member must hold trading privileges in the division to which the product has been assigned in order to act as a broker in such product.

Notwithstanding the previous paragraph, the Board of Directors may grant exceptions to this rule.

194.D. Jurisdiction

The Program shall be under the jurisdiction of the Exchange staff.

194.E. Extension of Program for Contributing Members

A participating member who meets any one of the following criteria with respect to a new product will be deemed to have contributed to the success of such product:

1. A trader whose trading volume in such product is in the top 50 percent of all traders trading such product.
2. A trader whose trading regularity, measured by the number of brackets in which -he has traded such product, is in the top 50 percent of all traders trading such product.
3. A broker whose volume of new product contracts filled is in the top 50 percent of all brokers who filled such product.
4. A solicitor whose volume of new product contracts executed based on the orders -he or she-generated is in the top 75 percent of all members who solicited customer business in such product from the trading floor.

Each participating member who has contributed to the success of a new product as described

above will be permitted to continue to trade or solicit customer business (but not broker) in such new product for an additional three years or such longer period as the Membership Committee may determine.

194.F. Clearing Fees

Participating members will pay lessee clearing fee rates for trading and brokering new products.

194.G. Termination of Program

The Exchange may terminate the Program at any time. Upon termination of the Program, participating members who met the criteria set forth in Section E. of this rule may continue to have access to new products for the remaining time specified in that section.

195.

[RESERVED] MARKET MAKER PROGRAMS

Exchange staff shall approve the implementation of market maker programs, pursuant to which market makers would be authorized to maintain two-sided markets in those products designated by the Exchange. To the extent that the terms of any such market maker program may be in conflict with any Rules of the Exchange, such terms shall supersede such Rules. Nothing in this Rule shall alter or waive a member's responsibility to comply with provisions of the Commodity Exchange Act or Rules or Regulations of the Commodity Futures Trading Commission unless exempted by the Commission.

(End Chapter 1)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 1

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

(CME Update 96-7, March 25, 1996. Revised June 1997, July 1997, November 2000, November 2001, March 2003, January 2004, June 2004, August 2004, September 2004, October 2004, December 2005, June 2006.)

Rule 135.A. provides that GEM members may not while on the floor of the Exchange enter orders for products of other Divisions except for bona fide spread transactions involving products within the GEM Division and that GEM members may not solicit business from the floor of the Exchange except for business in products traded in the GEM Division and bona fide spread involving such products.

The only allowable spreads involving non-GEM products that GEM members may enter into or solicit while on the trading floor are listed below:

GSCI	with	Live Cattle and Lean Hogs
Russell 2000	with	S&P 500, S&P Mid-Cap, E-Mini S&P 500
E-Mini Russell 1000	with	E-Mini S&P 500
S&P/Barra Growth and Value	with	S&P 500, S&P Mid-Cap, E-Mini S&P 500
East European Currencies	with	Euro FX
European style currency options	with	British pound, Canadian dollar, Euro FX, Japanese yen and Swiss franc futures or American style options on these futures
CME\$INDEX™	with	Euro FX, Japanese yen, British pound, Swiss franc, Australian dollar, Canadian dollar, Swedish krona
E-Mini NASDAQ Composite	with	E-Mini NASDAQ-100, E-Mini S&P 500, E-Mini S&P MidCap 400, E-Mini Russell 2000, S&P SmallCap 600, E-Mini Russell 1000, Financial SPCTR, Technology SPCTR.
CPI	with	Eurodollar
Yen Denominated Nikkei 225	with	Dollar Denominated Nikkei 225
HICP	with	Eurodollar, CPI

When such spreads are executed on a legged basis, the GEM leg of the spread must always precede the non-GEM leg. Please note that these restrictions do not apply to spreads in which all of the component parts are GEM products.

Chapter 2 Government

200.— 229. [RESERVED]

BOARD OF DIRECTORS – POWERS AND DUTIES

230. GENERAL

The Board shall, subject to applicable provisions in the relevant corporate charter and bylaws:

- a. Be the governing body of the Exchange;
- b. Have charge and control of all property of the Exchange;
- c. Provide, acquire and maintain suitable Exchange quarters and facilities;
- d. Review and approve the appointment of a Chief Executive Officer and President upon recommendation of a special committee established for this purpose by the Board;
- e. Receive reports from the Executive Committee regarding the appointment, titles and responsibilities of all Exchange officers;
- f. Designate and authorize specific appointed officers to act on behalf of the Board to execute contracts within specified budgetary limits;
- g. Fix, determine and levy all membership dues, fees and assessments when necessary;
- h. Act in a judicial capacity in the conduct of hearings with respect to any charges proffered against members and, after such hearings, determine what disciplinary action, if any, should be taken by the Exchange with respect to those charges;
- i. Determine the commodities traded, the Division in which they shall be traded, the delivery months, hours of trading, the days of the contract month on which delivery may be made, and performance bond requirements;
- j. Make and amend the Rules of the Exchange; provided, the Board has also delegated such authority to make and amend the Rules of the Exchange to the Chairman and Vice Chairman of the Board and the Chief Executive Officer acting together; and
- k. Have power to act in emergencies. In the event that the Board or a hearing panel of the Board pursuant to Rule 410 determines that an emergency situation exists in which the free and orderly market in a commodity is likely to be disrupted, or the financial integrity of the Exchange is threatened, or the normal functioning of the Exchange has been or is likely to be disrupted, it may, upon a majority vote of the members present or upon a majority vote of the members who respond to a poll, take such action as may in the Board's sole discretion appear necessary to prevent, correct or alleviate the emergency condition. Board members who abstain from voting on a Significant Action as defined in Rule 234 shall not be counted in determining whether such action was approved by a majority vote, but such members can be counted for the purpose of determining whether a quorum exists. Without limiting the foregoing, the Board may: (1) terminate trading, (2) limit trading to liquidation of contracts only, (3) order liquidation of all or a portion of a member's proprietary and/or customers' accounts, (4) order liquidation of positions of which the holder is unable or unwilling to make or take delivery, (5) confine trading to a specific price range, (6) modify the trading days or hours, (7) alter conditions of delivery, (8) fix the settlement price at which contracts are to be liquidated, and (9) require additional performance bonds to be deposited with the Clearing House. All Exchange contracts shall be subject to the Board's emergency powers and the specifications of each shall be deemed subject to this rule.

Any authority or discretion by these rules vested in the Chairman, Chief Executive Officer, President or other officer or delegated to any committee shall not be construed to deprive the Board of such authority or discretion and in the event of a conflict, the determination of the matter by the Board shall prevail.

231. [RESERVED]

232. EXCHANGE FACILITIES

The Exchange shall provide trading facilities which shall be open for trading on such days and at such hours as the Exchange shall determine, except during emergency situations as provided by Exchange rules.

233. [RESERVED]

234.

AVOIDING CONFLICTS OF INTEREST IN "SIGNIFICANT ACTIONS"

234.A. Definitions

For purposes of this rule:

1. "Significant Action" means (a) an Exchange action or rule change which addresses an "emergency" as defined in CFTC Regulation 40.1 (g); or (b) any change in Exchange performance bond levels that is designed to respond to extraordinary market conditions such as an actual or attempted corner, squeeze, congestion or undue concentration of positions, or that otherwise is likely to have a substantial effect on prices in any contract traded or cleared at the Exchange.
2. "Committee" means the Board or any body that is authorized to take a Significant Action.
3. "Member's Affiliated Firm" means a firm in which the member is a "principal," as defined in CFTC Regulation 3.1(a), or an employee.

234.B. Review of Position Information

1. Prior to the consideration of any Significant Action, each member of the Committee must disclose to the appropriate Exchange staff the following position information to the extent known to him-~~or-her~~:
 - a. Gross positions held at the Exchange in the member's personal accounts or "controlled accounts," as defined in CFTC Regulation 1.3(j);
 - b. Gross positions held at the Exchange in proprietary accounts of the Member's Affiliated Firm;
 - c. Gross positions held at the Exchange in accounts in which the member is a principal;
 - d. Net positions held at the Exchange in customer accounts at the Member's Affiliated Firm; and
 - e. Any other types of positions, at the Exchange or elsewhere, held in the member's personal accounts or the proprietary accounts of the Member's Affiliated Firm that could reasonably be expected to be affected by the Significant Action.
2. Exchange staff will independently determine what positions are held in each of the above categories based on a review of the most recent large trader reports and clearing records available to the Exchange and any other source of information that is held by and reasonably available to the Exchange, taking into consideration the exigency of the Significant Action.
3. The requirements of sections B.1₁ and B.2₁ ~~above do not apply only~~ only to members who ~~do not~~ participate in either the deliberations and voting on the Significant Action in question.

234.C. Determination Whether Abstention Required

1. A member of a Committee must abstain from ~~both the such Committee's~~ deliberations and voting by such Committee on any Significant Action if the member knowingly has a direct and substantial financial interest in the result of the vote based upon either Exchange or non-Exchange positions that could reasonably be expected to be affected by the action or is otherwise conflicted based on existing Exchange policy. Exchange staff will independently require a member of a Committee to abstain from ~~both the such Committee's~~ deliberations and voting by such Committee on any Significant Action if, based upon the information reviewed in sections B.1₁ and B.2₁ above, Exchange staff determines that the member has a direct and substantial financial interest in the result of the vote.
2. The Exchange will prepare written records to document that the conflicts determination procedures required by this rule have been followed. Such records will include (a) the names of all members who attended the meeting in person or who otherwise were present by electronic means; (b) the name of any member who voluntarily recused himself-~~or-herself~~ or was required to abstain from both the deliberations and voting on a matter and the reason for the recusal or abstention, if stated; and (c) information on the position information that was reviewed for each member.

235.—255. [RESERVED]

EXCHANGE OFFICERS AND EMPLOYEES

256. INDEMNIFICATION OF CERTAIN PERSONS

The Exchange shall indemnify its directors, officers, trustees of the pension fund, Gratuity Fund, and Chicago Mercantile Exchange Inc. trust fund, members of the Employee Benefits Plan

Committee, committee members, and employees against all damages, costs and expenses incurred in defense or settlement of any claim or lawsuit arising out of such official's position with the Exchange, or as an officer or director of GFX Corporation, or out of any action taken or omitted in his official capacity, to the maximum extent allowed by Delaware law; provided, however, that the Exchange shall have no duty to indemnify as regards claims asserted by the Exchange as to which the official is finally adjudged to have been guilty of gross negligence, fraud or willful misconduct in the performance of his duties.

The Exchange shall provide all reasonable defense costs and fees to persons indemnified by this Rule to the maximum extent allowed by Delaware law; provided, however, that in cases where there is an identity of interests among a group of indemnitees, the Exchange may satisfy its obligation to provide counsel by providing a single counsel for the group.

No amendment or repeal of this Rule or of any relevant provision of Delaware law shall adversely affect or deny to any person entitled to indemnification hereunder any rights to indemnification which such person may have, or change or release any obligations of the Exchange under this Rule, with respect to any damages, costs and expenses incurred in defense or settlement of any claim or lawsuit arising out of such official's position or out of any action taken or omitted in his official capacity, which takes place before or while this Rule is in effect. The provisions of this Rule shall apply to any claim or lawsuit, whenever commenced, including such claim or lawsuit commenced after any amendment or repeal of this Rule.

The foregoing right of indemnification shall inure to the benefit of the estate or legal representative of any person entitled to indemnification hereunder, and shall be in addition to any other rights of indemnification, pursuant to contract or law, to which such individual may be entitled.

257. EXCHANGE PHYSICAL EMERGENCIES

In the event that the functions of the Exchange are, or are threatened to be, severely and adversely affected by a physical emergency such as fire or other casualty, bomb threats, substantial inclement weather, power failures, communications breakdowns, computer system breakdowns, screen-based trading system breakdowns, malfunctions of plumbing, heating, ventilation, and air conditioning systems or transportation breakdowns, the Chief Executive Officer, President or Chief Operating Officer or their delegate may take any action necessary to deal with the emergency, including but not limited to, a suspension of trading. In the absence of the aforementioned Exchange officers or delegate, any member of the Executive Committee may act instead of the Chief Executive Officer, President or Chief Operating Officer.

Upon a determination by the Chief Executive Officer, President or Chief Operating Officer or their delegate that the physical emergency has sufficiently abated to permit the orderly functioning of the Exchange, he shall order restoration of trading or the removal of other restrictions imposed.

The Exchange shall notify the CFTC of the implementation, modification or termination of a physical emergency action as soon as possible after taking the action.

Nothing in this rule shall in any way limit the authority of the Board of Directors to act in an emergency situation pursuant to Rule 230.k.

(End Chapter 2)

Chapter 3 Exchange Committees

300.

COMMITTEES

300.A. General Provisions

The Board shall establish from time to time Board level committees as defined in the bylaws and non-Board level committees necessary to conduct the business of the Exchange.

Every committee of the Exchange must have a chairman or co-chairmen. For purposes of these Rules, each co-chairman shall have the powers and duties of a chairman if acting in the capacity of a chairman. The chairman or co-chairmen may either be members of the Board, if required by the Rules or applicable committee charter, Exchange members of the Exchange or employees of member firms, or non-members. The Chairman of the Board may appoint vice-chairmen or alternate chairmen to each committee. All meetings shall be called upon request of the chairman of the committee. In the absence of the chairman or a co-chairman, the function of that office shall be performed by a vice-chairman or an alternate chairman and may be performed by the Chairman of the Board.

Meetings shall be conducted according to established procedures of the Exchange, its bylaws or committee charter, as applicable. In the absence of established procedures, or in the case of a dispute, Robert's Rules of Order may be consulted as a guide. Voting by proxy at committee meetings shall not be permitted.

300.B. Board Level Committees

The duties of Board level committees are to establish plans for the strategic direction of the Exchange, develop regulatory policy, advise and assist the Board and perform the specific duties assigned to them elsewhere in these Rules and/or in their charters. 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.

A quorum of a Board level committee shall consist of a majority of the members of the committee. All members of a Board level committee shall be entitled to vote.

300.C. Non-Board Level Committees

The duties of non-Board level committees are to conduct review investigations reports prepared by Exchange staff and 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 and approved. 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 an adjudicatory committee.

300.D. Disqualification from Certain Committees and Governing Boards

No person ~~A Member is ineligible to~~ shall serve on the Board of Directors or any Board level committee; the Clearing House Risk Committee; the Business Conduct Committee; the Probable Cause Committee; any Pit Committee; the Floor Conduct ~~Pit Supervision~~ Committee and the Arbitration Committee if:

(1) who is found by a final decision or settlement agreement (or absent a finding in the settlement agreement if any acts charged included a disciplinary offense) to have committed a disciplinary offense, as defined in Section E. below; or

2) whose CFTC registration in any capacity has been revoked or suspended; or

3) who is subject to an agreement with the CFTC or any self-regulatory organization not to apply for registration or membership; or

4) who is subject to a denial, suspension or disqualification from serving on a disciplinary committee, oversight committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in Section 3(a)(26) of the Securities Exchange Act of 1934; or

5) who has been convicted of any felony listed in Section 8a(2)(D)(ii) through (iv) of the Commodity Exchange Act;

for a period of three years from the date of such final decision or for such a time as the person remains subject to any suspension, expulsion or has failed to pay any portion of a fine imposed for committing a disciplinary offense, whichever is longer.

within the prior three years (or within the prior five years in the case of major Exchange rule violations), such Member: (a) was found by a final decision of a self-regulatory organization, administrative law judge, court of competent jurisdiction or the CFTC, to have committed a disciplinary offense (as defined below); (b) entered into a settlement agreement where the findings or, if none, the acts charged included a disciplinary offense; or (c) has had his CFTC registration revoked or suspended or has been convicted of a felony listed in §8a(2)(D)(ii)-(iv) of the Commodity Exchange Act; or,

(2) such Member currently is subject to: (a) an agreement with the CFTC, SEC or any self-regulatory organization not to apply for registration or membership; (b) a trading ban, suspension or expulsion from any self-regulatory organization; (c) any sentence of probation or owes any portion of a fine imposed pursuant to (1)(a) or (b) above; (d) a denial, suspension or disqualification from service at any securities industry self-regulatory organization; or (e) a CFTC or SEC registration revocation or suspension.

300.E. Disciplinary Offenses Defined

"Disciplinary offense" is defined as a:

(1) Violation of an Exchange rule designated by the Exchange as requiring disqualification from service on the above committees, which list of rules shall be posted in a public place;

(12) Violation of any other Exchange rule or the rules of a self-regulatory organization (as defined in CFTC Regulation 1.63(a)(1)), except those violations unless: (a) such violation did not involve fraud, deceit or conversion; (b) such violation did not result in suspension or expulsion, or (c) the violation is that are based solely on: (i) decorum or attire, (ii) financial requirements, or (iii) reporting, or recordkeeping, or position limit requirements which receive cumulative fines of \$5,000 or less within any twelve-month period; or (b) that receive cumulative fines of \$5,000 or less within any twelve-month period;

(23) Violation of the rules of a self-regulatory organization which involve: (a) fraud, deceit or conversion, or (b) result in suspension or expulsion Notwithstanding paragraph (1) above, a "disciplinary offense" shall include a violation of any Exchange rule or rule of another self-regulatory organization which: (a) involves fraud, deceit or conversion; or (b) results in an access denial, suspension or expulsion;

(34) Violation of the Commodity Exchange Act or CFTC regulations; or

(45) Failure to exercise supervisory responsibility in violation of the Rules of the Exchange, the rules of other self-regulatory organizations, the Commodity Exchange Act or CFTC regulations with respect to activities that involved fraud, deceit or conversion.

A Member who serves on any of the committees listed in Rule 300.D. shall inform the Exchange if he or she is currently ineligible, and shall immediately inform the Exchange if he or she later becomes ineligible, to serve on such committees under the standards set forth above with respect to disciplinary offenses. Violation of this rule may shall be an act detrimental to the interest or welfare of the Exchange major offense.

300.F. Use or Disclosure of Material, Non-Public Information

No member of any committee shall use or disclose, for any purpose other than the performance of such person's official duties as a member of a committee, any material non-public information obtained by such person as a result of such person's participation on any such committee; provided, however, that if any such person who effects any transactions after having received any such material, non-public information so obtained can show that such transaction was effected in the ordinary course of such person's business, such person shall not be deemed to have used such information in violation of this rule, unless it can be shown that such person would not have effected such transaction in the absence of such information. For the purposes of this rule, the terms "material" and "non-public information" shall have the meaning set forth in CFTC Regulation 1.59(a).

(End Chapter 3)

Chapter 4 Enforcement of Rules

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 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) ~~individual 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 (including, but not limited to, related parties of Rule 106.f. firms in regard to their Exchange-related business); 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; ~~and~~ 5) employees, authorized representatives, contractors, and agents of any of the above persons or entities, in regard to the Exchange related activities of such employees and agents; ~~and~~ 6) individuals and entities that have agreed in writing to comply with the rules of the Exchange; ~~and~~ 7) any other individuals who have access to the CME trading floors. (Upon floor integration, #7 will read "CBOT members and other individuals who have access to the combined CME and CBOT trading floors.")

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.

401. THE MANAGING DIRECTOR OF CHIEF REGULATORY AFFAIRS OFFICER

It shall be the duty of the ~~Managing Director of~~ Chief Regulatory Affairs Officer to enforce Exchange rules, and he shall have available to him at all times the resources of the Market Regulation Department and such other Exchange resources as may be necessary to conduct investigations of alleged rule violations and market conditions. The ~~Managing Director of~~ Chief Regulatory Affairs Officer shall have the authority to inspect the books and records of all Members and the authority to require any Member to appear before him and produce his or its books and records and answer questions regarding alleged violations of Exchange rules. The ~~Managing Director of~~ Chief Regulatory Affairs Officer may also delegate such authority to staff of the Market Regulation Department.

402. BUSINESS CONDUCT COMMITTEE

402.A. Jurisdiction and General Provisions

The Business Conduct Committee ("BCC") shall have: 1) jurisdiction over Members with respect to matters relating to conduct, trading practices, sales practices, and trading ethics and market manipulations or other actions that threaten the integrity of the market; 2) the authority, pursuant to Rule 402.C., to take emergency actions; 3) the authority, pursuant to Rule 402.D., to take actions against non-members; 4) the authority, pursuant to Rule 413.B., to conduct hearings on denials of access pursuant to Rule 413.A., and 5) the authority to conduct hearings on all matters over which it has jurisdiction.

The BCC shall act through a Panel composed of a chairman, three ~~Exchange Members or employees of member firms~~ and three non-members. A quorum of a Panel shall consist of a majority of the panel, but must include at least two ~~Members or employees of member firms~~ and two non-members.

Any Panel that conducts a hearing or proceeding shall consist of panelists who possess sufficiently diverse interests so as to ensure fairness ~~in accordance with CFTC Regulation 1.64.~~

No person shall serve on the BCC unless he has agreed in writing that he will not publish, divulge, or make known in any manner, any facts or information regarding the business of any person or any other information which may come to his attention in his official capacity as a member of the BCC, except when reporting to the Board or to a committee concerned with such information or to the Legal Department or Market Regulation Department, when requested by the CFTC or other governmental agency or when compelled to testify in any judicial or administrative proceeding. ~~Violation of this agreement shall be a major offense.~~

All information and documents provided to the BCC and all deliberations and documents related thereto shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further an Exchange investigation or as required by law.

402.B. Hearings

Hearings by the BCC shall be before a Panel, and shall be conducted by a chairman of the BCC in accordance with the provisions of Rule 408.

If a Member is found guilty, by a majority vote, the Panel may do one or more of the following:

1. Order the Member to cease and desist from the conduct found to be in violation of the rules;
2. Order the Clearing Member or other Member to liquidate such portion of the open contracts in the Clearing Member's or other Member's proprietary or customers' accounts, or both, as the Panel deems appropriate to ensure the integrity of the Exchange contracts or to ensure an orderly and liquid market;
3. Order the Clearing Member or its customer to deposit such additional performance bonds with the Clearing House Exchange as the Panel deems appropriate to protect the integrity of open contracts;
4. Prescribe such additional capital or other financial requirements as it deems appropriate;
45. Restrict the privilege of being affiliated with, or having an interest in, a broker association or guaranteed introducing broker and/or suspend the trading floor access and/or the right to associate with a Member;
56. Restrict Suspend the Member's accessability to enter orders for any account into the GlobexLOBEX platform or to supervise the entry of any orders into the GlobexLOBEX platform by others;
67. Impose a period of probation upon the Member Restrict the Member's access to the trading floors; **(Upon floor integration this will be modified to read "Restrict the Member's access to the combined CME and CBOT trading floors;")**
78. Suspend any or all of the privileges of membership Restrict the Member's ability to trade or enter orders in any or all Exchange products;
89. Expel the Member Suspend any or all of the privileges of membership;
910. Restrict the Member's access to any or all Exchange traded products Expel the member;
110. Impose a fine upon the Member not to exceed \$1,000,000 per violation plus the amount of any benefit received as a result of the violation;
12. Issue a reprimand;
134. Prescribe limitations on positions of the Member as may be appropriate;
142. Impose advertising restrictions upon the Member pursuant to these rules; and/or
153. Direct the Member to make restitution, in such amount as is warranted by the evidence, to the account of any party damaged by the conduct, or to the Clearing Member who has previously made restitution to the account of such party.

The Panel may also find that the evidence warrants an adjustment to the account of a party where a Member, though not in violation of an Exchange rule, has not fulfilled his or its responsibility for proper execution of such party's order.

When determining whether to impose any of the sanctions listed above, the Panel may consider any factors determined by the Panel to be relevant in the context of a particular case, including any of the factors described in the "Sanctioning Guidance to Self-Regulatory Organizations" in the CFTC Policy Statement Relating to the Commission's Authority to Impose Civil Money Penalties and Futures Self-Regulatory Organizations' Authority to Impose Sanctions: Penalty Guidelines (1994).

If the Panel shall decide by a majority vote that the matter might warrant a penalty in excess of its own authority, the chairman of the Panel shall refer the matter to the Board for further hearings and decision.

402.C. Emergency Actions

1. The BCC is authorized to determine whether an emergency exists and whether emergency action is warranted. The following events and/or conditions may constitute emergencies:
 - a. Any actual, attempted, or threatened market manipulation;
 - b. Any actual, attempted, or threatened corner, squeeze, congestion, or undue concentration of positions;
 - c. Any action taken by the United States or any foreign government or any state or local government body, any other contract market, board of trade, or any other exchange or trade association (foreign or domestic), which may have a direct impact on trading on the Exchange;

- d. The actual or threatened bankruptcy or insolvency of any Member or the imposition of any injunction or other restraint by any government agency, self regulatory organization, court or arbitrator upon a Member which may affect the ability of that Member to perform on its contracts;
 - e. Any circumstance in which it appears that a Member or any other person or entity has failed to perform contracts or is in such financial or operational condition or is conducting business in such a manner that such person or entity cannot be permitted to continue in business without jeopardizing the safety of customer funds, Members, or the Exchange; and/or
 - f. Any other ~~unforeseeable or adverse~~ circumstance which may have a severe, adverse effect upon the functioning of the Exchange with respect to which it is not practicable for the Exchange to submit, in a timely fashion, a rule to the CFTC for prior review under the Commodity Exchange Act.
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. Terminate trading;
 - b. Limit trading to liquidation of contracts only;
 - c. Impose or modify position limits and/or order liquidation of all or a portion of a Member's proprietary and/or customers' accounts;
 - d. Order liquidation of positions as to which the holder is unable or unwilling to make or take delivery;
 - e. Confine trading to a specific price range;
 - f. Modify price limits;
 - g. Modify the trading days or hours;
 - h. Modify conditions of delivery;
 - i. Establish the settlement price at which contracts are to be liquidated; and/or
 - j. Require additional performance bond to be deposited with the Clearing House.

All actions taken pursuant to this subsection shall be by a majority vote of the Panel members present. A Member directly affected by the action taken shall be notified in writing of such action. As soon as practicable, the Board and the CFTC shall be notified of the emergency action in accordance with CFTC regulations. ~~Any action taken pursuant to this subsection may not extend beyond the duration of the emergency, and shall not continue beyond 30 days following the imposition of the action without express CFTC authorization. In no event shall action taken pursuant to this Rule remain in effect for more than 90 days following its imposition. Nothing in this section shall in any way limit the authority of the Board, other committees, or other appropriate officials to act in an emergency situation as defined by these rules.~~

402.D. Actions against Non-Members

If the BCC has reason to believe or suspect that any non-member is conducting trading activities in violation of the Commodity Exchange Act or Exchange rules or in a manner that threatens the integrity or liquidity of any contract, the committee may request such non-member and require any Members to appear, produce documents and testify at a Market Regulation Department interview or investigation, or hearing to be conducted by the BCC.

If, after hearing, the BCC determines that the actions of such non-member threaten the integrity or liquidity of any contract or threaten to violate or violate the Commodity Exchange Act or Exchange rules, the BCC may:

1. Order any Clearing Member to liquidate all or any portion of such non-member's position;
2. Order that no Clearing Member accept new positions on behalf of any such non-member;
3. Deny or terminate access to the ~~Globex~~LOBEX platform of such non-member; and/or
4. Order such action as is necessary to prevent a threat to the contract or violation of the Commodity Exchange Act or Exchange rules.

403. CLEARING HOUSE RISK COMMITTEE

403.A. Jurisdiction and General Provisions

The Clearing House Risk Committee (or any subcommittee thereof) (collectively, "CHRC"), shall determine whether an applicant satisfies the qualifications for status as a Clearing Member. The CHRC

decision shall be subject to appeal to the Board by an applicant. The CHRC may adopt regulations regarding qualifications for admission to membership in the Clearing House, which regulations, when approved by the Board, shall have the same effect as rules of the Exchange. The CHRC shall act upon applications for clearing membership and applications for assignment of Class A Shares, trading rights and related Class B Shares for clearing purposes. Applications for clearing membership and for assignment of Class A Shares, trading rights and related Class B Shares for clearing purposes, when approved by the CHRC, shall be effective and thereafter ratified by the Board.

The CHRC shall have at least two co-chairmen, who shall be members of the Board, and at least seven additional individuals, five who shall be Clearing Member representatives and at least one who shall be a non-member.

The CHRC, may conduct investigations, issue charges and consider settlement offers ~~conduct hearings~~ on its own initiative or by referral from Exchange staff, the PCC, or the BCC. Hearings on charges issued by the CHRC will be conducted by the BCC pursuant to the provisions of Rule 408.

If the CHRC determines that a Clearing Member is in a financial condition which jeopardizes or may jeopardize the integrity of the Exchange, the CHRC may, by majority vote:

1. Order the Clearing Member or its customers to deposit such additional performance bond with the Clearing House as deemed appropriate to protect the integrity of open contracts;
2. Prescribe such additional capital or other financial requirements as it deems appropriate;
3. _____

~~The CHRC may impose~~ position limits on Clearing Members based on their regulatory capital and such other criteria as it ~~may deems~~ appropriate;

4. Suspend a Clearing Member, subject to approval of any two of the following individuals: the Chief Executive Officer, the President, the President of the Clearing House, the Chairman of the Board, the Chairman of the CHRC or the Chief Operating Officer; and/or
5. Order the Clearing Member to cease and desist from the conduct found to be contrary to the best interests of the Exchange.

No person shall serve on the CHRC unless he has agreed in writing that he will not publish, divulge, or make known in any manner, any facts or information regarding the business of any person or entity or any other information which may come to his attention in his official capacity as a member of the CHRC, except when reporting to the Board or to a committee concerned with such information or to the Legal Department, Audit Department or Market Regulation Department, when requested by the CFTC or other governmental agency or when compelled to testify in any judicial or administrative proceeding. ~~Violation of this agreement shall be a major offense.~~

All information and documents provided to the CHRC and all deliberations and documents related thereto shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further an Exchange investigation or as required by law.

The CHRC shall have jurisdiction to enforce rules pertaining to the following:

1. Financial integrity of Clearing Members; and
2. Business conduct of and compliance with Exchange rules by Clearing Members and by any Member who is an officer or a principal or who has assigned his membership on behalf of a Clearing Member, in connection with such Clearing Member's activities, except insofar as jurisdiction over matters relating to conduct, trading practices, ~~sales practices and trading ethics~~ and certain sales practices of Members, and market manipulations or other actions that threaten the integrity of the market areis within the purview of the BCC.

403.B. Settlement Offers

A respondent that is the subject of an investigation or charges may submit for consideration by the CHRC a written offer of settlement in disposition of such investigation or charges. A respondent may submit a settlement offer without admitting or denying the rule violations upon which the penalty is based; provided, however, that an offer must include a consent to entry of findings by the CHRC regarding the conduct and rule violations at issue and to the penalty to be imposed.

If the Audit or Market Regulation Department does not oppose the respondent's offer of settlement, the respondent's written offer of settlement and the Audit or Market Regulation Department's supporting statement shall be submitted to the CHRC for consideration.

If the Audit or Market Regulation Department opposes an offer of settlement, the Respondent's written offer and the Audit or Market Regulation Department's written opposition shall be submitted to the CHRC. The CHRC's consideration of the offer of settlement shall be based upon the written offer and opposition filings, as well as the evidence presented to the CHRC in determining to issue the charges.

The respondent may withdraw his offer at any time prior to final acceptance of the offer by the CHRC. If the CHRC accepts the offer, a written decision setting forth the CHRC's findings and sanction shall be issued, and written notice of the decision shall be given to the respondent.

If the CHRC rejects the offer, the respondent will be notified of the rejection and the offer will be deemed withdrawn. If an offer is withdrawn or rejected by the CHRC, the respondent shall not be deemed to have made any admissions by reason of the offer and shall not otherwise be prejudiced by having submitted the offer. The CHRC chairman may decline to convene the CHRC to consider a settlement offer.

In submitting a settlement offer, the respondent waives his right to a hearing and to appeal the CHRC's decision if the offer is accepted; the respondent also waives any claim of bias or prejudice on the part of the CHRC. If a respondent submits an offer within 14 days of a scheduled BCC hearing on the charges, or after the BCC hearing has begun, the offer shall not stay the BCC hearing unless otherwise determined by the Chairman of the BCC/CHRC. Any settlement offer submitted within 14 days of a scheduled BCC hearing will be directed to the BCC in the first instance. The BCC may determine to accept or reject the settlement offer, or the BCC may refer the settlement offer to the CHRC, in which case the CHRC will determine whether to accept or reject the offer.

403.C. — Hearings

~~Hearings before the CHRC shall be fair. No member of the CHRC may serve if he has a personal, financial or other direct interest in the matter under investigation. The Audit Department shall be a party to the hearing and shall present evidence on the charges. The Audit Department and the members of the CHRC may question any witness and examine all the evidence. The respondent shall be entitled to appear personally at the hearing and to be represented by legal counsel or a Member of the Exchange, other than a member of the investigation or hearing committee, a member of the PCC, a member of the Board or an employee of the Exchange. The respondent may also testify, produce evidence, call witnesses on his own behalf and cross-examine any witness. The Audit Department bears the burden of establishing the basis for a finding of guilt on any charge by a preponderance of the evidence. Formal rules of evidence shall not apply.~~

~~All testimony and documents produced in connection with a disciplinary hearing shall be deemed non-public and confidential and shall not be disclosed except in connection with proceedings resulting from that hearing or as required by law. An audiotape or other substantially verbatim record of the hearing shall be made and become part of the record of the proceeding. If a respondent requests a transcript, he shall be solely responsible for the cost of producing the transcript. A majority vote of the CHRC is required for a finding of guilt. A respondent that is found not guilty shall not again be charged with or tried for the same underlying conduct. In the event of a finding of guilt, the CHRC may request additional information or argument from the parties as to the appropriate nature and amount of a sanction prior to determining such sanction. In the absence of exceptional circumstances, as determined by the CHRC chairman, such argument shall proceed immediately upon the conclusion of the evidence and determination of the committee.~~

~~The CHRC shall decide by a majority vote whether the Member is guilty of the alleged violation. If the Member is found guilty or is found to be in a financial condition which jeopardizes or may jeopardize the integrity of the Exchange, the panel may, by a majority vote:~~

- ~~1. Order the Member to cease and desist from the conduct found to be in violation of the rules or contrary to the best interests of the Exchange;~~
- ~~2. Order the Clearing Member or its customers to deposit such additional performance bond with the Clearing House as deemed appropriate to protect the integrity of open contracts;~~
- ~~3. Prescribe such additional capital requirements as it deems appropriate;~~
- ~~4. Prescribe such position limitations as it deems appropriate;~~
- ~~5. Impose a fine against the Member, not to exceed \$1,000,000 per violation plus the monetary value of any benefit received as a result of the violation; and/or~~
- ~~6. Suspend a Clearing Member if it finds that the financial condition of such Clearing Member jeopardizes or may jeopardize the integrity of the Exchange, subject to approval of any two of the following: the Chief Executive Officer, the President, the Managing Director and President of the Clearing House, the Chairman of the Board, or the Chairman of the CHRC.~~

~~If the CHRC shall decide by a majority vote that the matter might warrant a penalty in excess of its own authority, the chairman of the CHRC shall refer the matter to a hearing panel of the Board for further hearings and decision.~~

403.D. — Decisions

~~Promptly following a hearing, the respondent shall be issued a written decision of the CHRC's findings,~~

which shall include: the notice of charges (or a summary thereof); the answer to the charges, if any, (or a summary thereof); a brief summary of the evidence produced at the hearing (or, where appropriate, incorporation by reference of the investigation report); a statement of findings and conclusions with respect to each charge, including the specific rules which the respondent is found to have violated; a declaration of any penalty imposed and the effective dates of such penalty; and the availability, if any, of an appeal of the decision within the Exchange or to the Commodity Futures Trading Commission.

403.CE. Emergency Actions

1. The CHRC is authorized to determine whether an emergency exists and whether emergency action is warranted. The following events and/or conditions may constitute emergencies:
 - a. Any circumstances which may materially affect the performance of contracts traded on the Exchange, including failure of the payment system;
 - b. Any action taken by the United States or any foreign government or any state or local government body, any other contract market, board of trade, or any other exchange or trade association (foreign or domestic), which may have a direct impact on trading on the Exchange;
 - c. The actual or threatened bankruptcy or insolvency of any Member or the imposition of any injunction or other restraint by any government agency, court or arbitrator upon a Member of the Exchange which may affect the ability of that Member to perform on its contracts;
 - d. Any circumstance in which it appears that a Member or any other person or entity has failed to perform contracts, is insolvent, or is in such financial or operational condition or is conducting business in such a manner that such person or entity cannot be permitted to continue in business without jeopardizing the safety of customer funds, Members, and/or the Exchange; and/or
 - e. Any other unforeseeable or adverse circumstances which may have a severe, adverse effect upon the functioning of the Exchange with respect to which it is not practicable for the Exchange to submit, in a timely fashion, a rule to the CFTC for prior review under the Commodity Exchange Act.
2. In the event that the CHRC 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. Order the Clearing Member or his customer to deposit such additional performance bond with the Clearing House as deemed appropriate to protect the integrity of open contracts;
 - b. Prescribe such additional capital requirements as it deems appropriate;
 - c. Prescribe such position limitations as it deems appropriate;
 - d. Order special or advance performance bond or funds to be deposited with the Clearing House from Members or from longs, shorts or both; and/or
 - e. Order such performance bond changes as it deems appropriate.

All actions taken pursuant to this subsection shall be by majority vote of the committee members present. A Member affected by the action taken shall be notified in writing of such action. As soon as practicable, the Board and the CFTC shall be promptly notified of the emergency action in accordance with CFTC regulations. ~~Any action taken pursuant to this subsection may not extend beyond the duration of the emergency, and shall not continue beyond 30 days following the imposition of the action without express CFTC authorization. In no event shall action taken pursuant to this Rule remain in effect for more than 90 days following its imposition.~~ Nothing in this section shall in any way limit the authority of the Board, other committees, or other appropriate officials to act in an emergency situation as defined by these rules.

403.DF. Appeal of Administrative Fines

Appeals of administrative fines in excess of \$25,000, imposed pursuant to Rule 852, shall be heard by a panel comprised of a co-chairman and three members of the CHRC. The panel's decision shall be final. The appellant shall be advised of its right to appear at the hearing and of its right to be represented by legal counsel or a member of the Exchange, other than a member of the CHRC, a member of the Board or an employee of the Exchange. The appellant may present evidence in support of its appeal. The panel shall not set aside, modify or amend the decision appealed from unless the panel determines by a majority vote that the decision was:

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

404. **PIT COMMITTEE**

The Pit Committee shall have the authority to: 1) participate in the determination of supervise opening and closing ranges in accordance with Rule 546; 2) oversee and enforce changes in prices in accordance with Rule 528; 3) resolve pit space disputes; 4) remove unauthorized persons from the pit; 5) resolve, by immediate action, all grievances arising from price infractions pursuant to Rule 514 during pit trading; and 6) issue charges~~conduct summary proceedings~~ for alleged violations of, and assess penalties in accordance with Rule 514; provided, however, that with respect to alleged egregious violations of Rules 514.A.6-9., the charges shall be heard by a panel of the Pit Supervision Committee. The procedures contained in Rule 409 shall govern the summary proceedings.

To the extent required by Rule 813.D., ~~that~~ Pit Committee members participate~~shall use their experience and reasonable efforts~~ in the creation of settlement prices, they and agree to assign and transfer to the Exchange any and all right, title and interest in and to the settlement prices, including, but not limited to, all copyrights in the settlement prices.

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 CONDUCTPIT SUPERVISION COMMITTEE**

The Floor Conduct~~Pit Supervision~~ 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 egregious violations of Rules 514.A.6-9. and shall resolve all grievances arising from price infractions during pit trading when required by Exchange rules. Floor Conduct Committee members shall participate in the resolution of quotation change requests pursuant to the Quotation Change Procedures set forth in the Appendix to Chapter 5. The Floor Conduct~~Pit Supervision~~ 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.

406. **PROBABLE CAUSE COMMITTEE**

The Probable Cause Committee ("PCC") shall receive and review investigation reports from the Market Regulation Department. The PCC shall act through a Panel comprised of a chairman, three Exchange members or employees of member firms and three non-members. A quorum of a Panel shall consist of a majority of the Panel, but must include at least two ~~members or employees of member firms~~ and two non-members.

Each Panel that ~~conducts a hearing or proceeding~~ shall consist of panelists who possess sufficiently diverse interests so as to ensure fairness in accordance with CFTC Regulation 1.64.

The PCC shall determine, by the majority vote of the Panel members present, whether there is a reasonable basis to charge a rule violation. The PCC shall prepare and issue charges which shall be referred for hearing to the appropriate committee as provided in this Chapter 4.

The PCC shall have the power to compel any Member to appear before it and to produce all books and records relevant to the subject matter under investigation. No Member shall have the right to appear before the PCC.

A Panel shall endeavor to review an investigation report prepared by the Market Regulation Department within 30 days of receipt of a report the Panel deems to be complete. The Panel shall, by majority vote, take one of the following actions: If the Panel determines that disciplinary action is unwarranted it shall direct that no further action be taken or that a warning letter be issued. If the Panel determines that a reasonable basis exists for finding that a violation of an Exchange rule may have occurred which may warrant disciplinary action, it shall issue appropriate charges. The Panel shall direct the Market Regulation Department to give notice of the charges to the respondent in accordance with Rule 407.B. and to the appropriate BCC Panel chairman.

The ~~Managing Director of Regulatory Affairs~~Market Regulation Department may appeal to the Board any refusal by the ~~PCC~~a Panel to issue charges or to issue those charges requested by the Market Regulation Department. If such an appeal is requested, the Board shall conduct a ~~de novo~~ hearing on the matter in accordance with the procedures in Rule 4101.

No person shall serve on the PCC unless he has agreed in writing that he will not publish, divulge or make known in any manner, any facts or information regarding the business of any person or entity or any other information which may come to his attention in his official capacity as a member of the PCC,

except when reporting to the Board or to a committee concerned with such information or to the Legal Department or Market Regulation Department, when requested by the CFTC or other governmental agency or when compelled to testify in any judicial or administrative proceeding. ~~Violation of this agreement shall be a major offense.~~

All information and documents provided to the PCC and all deliberations and documents related thereto shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further an Exchange investigation or as required by law.

407. INITIAL INVESTIGATION, ASSIGNMENT FOR HEARING AND NOTICE OF CHARGES

The Market Regulation Department shall investigate alleged rule violations. ~~The Market Regulation Department shall endeavor to complete investigations within four months.~~ Investigations and all information and documents obtained during the course of an investigation shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further an Exchange investigation or as required by law. The Market Regulation Department is authorized to ~~may~~ tape record interviews conducted pursuant to an Exchange investigation.

The Market Regulation Department may take oral depositions of witnesses during an investigation. The Member under investigation shall be given at least five days written notice of the time of the deposition and place where the witness will be deposed, which may be at any location within the United States. The Member under investigation shall have the right to be present in person or by representative at the oral deposition, with right of cross-examination. All oral depositions of witnesses shall be taken under oath, before an officer qualified in the place of the deposition to administer oaths, and the complete testimony of the witnesses shall be transcribed by such officer or by a person under his supervision. Oral depositions taken in accordance with this rule shall be admissible in evidence at any hearing of the Board of Directors or a committee, reserving to the Member under investigation the right to object at the hearing to the relevancy or materiality of the testimony contained therein.

Upon conclusion of an investigation, the Market Regulation Department may issue a warning letter to the Member under investigation. Such letter shall not constitute either the finding of a rule violation or a penalty.

If the Market Regulation Department has reasonable cause to believe an offense has occurred which should be dealt with by a panel of the BCC or a Hearing Panel of the Board of Directors, (collectively, "BCC Panel"), it shall transmit to the Chairman of the PCC the investigation report ~~request a panel of the PCC ("PCC Panel") to convene to consider its recommendation for charges.~~ In addition to the investigation report, the Market Regulation Department may provide to the PCC a summary of the investigation and its conclusions and a recommendation that the file be closed, that a warning letter be issued, or that charges be issued and referred to a Panel for disposition. The Market Regulation Department's presentation to the PCC Panel shall not constitute an ex parte communication as described in Rule 417.

407.A. Investigation Report ~~File~~

~~The investigation report shall include the reason for initiating the investigation and facts relevant to the matter. The investigation report shall become part of the investigation file.~~

407.B. ~~Committee Review of Investigation Report~~

~~A panel of the PCC ("PCC Panel") shall endeavor to review an investigation report within 30 days of receipt of a report the PCC Panel deems to be complete. The PCC Panel shall take one of the following actions: If the PCC Panel determines that disciplinary action is unwarranted it shall direct that no further action be taken or that a warning letter be issued. If the PCC Panel determines that a reasonable basis exists for finding that a violation of an Exchange rule may have occurred which may warrant disciplinary action, it shall issue appropriate charges and designate which investigative and hearing committee shall consider the matter. The Market Regulation Department shall give notice of the charges to the Member charged and to the appropriate hearing committee chairman and furnish each with a copy of the investigative report excluding the Market Regulation Department's conclusions and recommendations.~~

~~The PCC shall have the power to compel any Member to appear before it and to produce all books and records relevant to the subject matter under investigation. No Member shall have the right to appear before the PCC.~~

~~All determinations made by the PCC Panel shall be in writing, including the reasons therefor, which shall become part of the investigation file. The investigation file shall then be closed unless the PCC Panel has determined that charges should be issued.~~

The Market Regulation Department shall maintain a file once an investigation is initiated. The file shall include any materials in the possession of the Market Regulation Department that may be relevant to

the conduct being investigated. A member charged with a violation of the rules shall have the right to review the evidence in the investigation file relevant to the issued charges but shall not be entitled to review privileged work product and attorney-client communications. In any matter in which a PCC Panel issues charges, the investigation file shall include an investigation report prepared by the Market Regulation Department. The investigation report is privileged work product and is neither discoverable by a respondent in disciplinary proceedings nor subject to review by a respondent as part of the investigation file. Production of the investigation report to a PCC Panel shall not constitute a waiver of the privileged nature of the investigation report.

407.CB. Notice of Charges; Opportunity for Hearing

The notice of charges shall set forth the alleged misconduct and the rule(s) alleged to have been violated, and shall advise the respondent regarding the submission of a responsive answer to each charge in accordance with Rule 407.BC. Further, the notice shall advise the respondent of the committee before which that the matter will be heard by a BCC Panel and of the time and place for the hearing, if known. The respondent shall also be advised of his right to appear personally at the hearing and of his right to be represented by legal counsel or a member of the Exchange, other than a member of the charging investigation or hearing committee, a member of the PCC, a member of the Board or an employee of the Exchange. A respondent may waive his right to a hearing within 10 days of receipt of the notice of charges.

A respondent who elects to waive his right to a hearing on the charges will be notified, within three days of the date on which the BCC Panel will render its decision. Upon a finding of guilt on any charge, the BCC Panel will promptly determine what committee and the penalties, if any, are to be imposed and their effective date. A respondent who has waived his right to a hearing and/or admitted the charges against him. Where a penalty is to be imposed without a hearing, the respondent will be advised of his right to participate in the hearing solely with respect to request, within 10 days of receipt of the decision, a hearing before the Panel on the penalty.

407.DC. Answer to Charges

The respondent shall have 21 days after notice to submit a written answer to the charges. Upon a showing of good cause, the BCC Panel chairman may extend the period of time in which the respondent is required to submit his answer. The answer must state that the respondent admits, denies, or lacks sufficient knowledge to admit or deny each charge. A statement of lack of sufficient knowledge shall be deemed a denial. Any charge not denied in whole or in part shall be deemed admitted, and the failure to file a timely answer may be deemed an admission to the charges. If all the charges are admitted, the respondent shall be deemed to waive his right to a hearing on the charges and the BCC Panel shall find that the violations alleged in the notice have been committed. The BCC Panel will determine the penalty, if any, to be imposed at a hearing, due notice of which will be provided to the respondent. The respondent shall be advised of his right to appear personally at the penalty hearing and advised of his right to be represented by legal counsel or another member of the Exchange, other than a member of the charging investigation or hearing committee, a member of the PCC, a member of the Board or an employee of the Exchange.

If an answer contains both an admission to one or more charges and a denial of one or more charges, the BCC Panel will consider the penalties which may be imposed for the admitted charges at the same time as the charges denied by the respondent are considered.

408.

CONDUCT OF HEARINGS

408.A. General

All disciplinary proceedings conducted before a panel of the BCC or before a hearing panel of the Board of Directors (collectively, "Panel") shall be conducted in accordance with the following procedures. Hearings shall be fair. The respondent shall have the right to appear personally at the hearing and to be represented by legal counsel or a member of the Exchange, other than a member of the charging investigation or hearing committee, a member of the PCC, a member of the Board or an employee of the Exchange. The Panel or its chairman shall have the power to compel any Member to attend, testify and/or produce evidence in connection with the hearing. Parties to the hearing may request the Panel chairman to strike any panelist for good cause shown. The Panel chairman may then excuse such panelist and direct that an alternate panelist be appointed.

408.B. Pre-Hearing

1. Procedural and Evidentiary Matters

The Panel chairman may require a pre-hearing conference.

The Panel chairman shall have the authority to decide all procedural and evidentiary matters and all pre-hearing motions, and the chairman's decision shall be final. Notwithstanding the preceding

sentence, except those which seek a motion to dismiss any or all of the charges may be granted only by the Panel. The chairman's decision shall be final. The Market Regulation Department may appeal to the Board any decision of the Panel to grant such a motion. If such an appeal is requested, the Board shall conduct a hearing on the matter in accordance with the procedures in Rule 411.

Pre-hearing motions must be submitted in writing to the BCC's counsel and a copy shall also be provided to the Market Regulation Department. Motions to dismiss any or all of the charges must be submitted at least 21 days in advance of the originally scheduled hearing date and a copy shall also be provided to the Market Regulation Department. Upon receipt, the Market Regulation Department shall have seven days to submit a written response to the BCC's counsel, and shall provide a copy to the respondent.

Prior to the hearing, the respondent may examine all evidence which is to be relied upon by the Market Regulation Department during the hearing, or which is relevant to the charges. However, the respondent shall not be entitled to examine privileged work product, attorney-client communications or the investigation report. The respondent may obtain a copy of all such evidence, and any copying costs shall be the sole responsibility of the respondent. A respondent who seeks documents that are not in the possession of the Market Regulation Department may request the documents from their custodian. The Market Regulation Department is not required to produce or obtain any documents that are not in its possession. Upon a showing of good cause, the respondent may petition the Panel chairman to compel the production of documents by a custodian, provided that the custodian is subject to the jurisdiction of the Exchange, the custodian has refused voluntarily to provide the documents, and the documents are relevant to the charges. The Market Regulation Department may object, in whole or in part, to any such petition.

The issuance of charges shall not restrict the Market Regulation Department from further investigating the activity underlying the charges or investigating other potential violations by the respondent.

~~2. Dispositive Motions~~

~~A motion seeking to dismiss any or all of the charges shall be in writing and submitted to the BCC's counsel at least 21 days in advance of the originally scheduled hearing date and a copy shall also be provided to the Market Regulation Department. Upon receipt, the Market Regulation Department shall have seven days to submit a written response to the Legal Department, and shall provide a copy to the respondent. The motion shall be decided by the Panel. The Panel chairman shall determine whether the motion will result in an oral hearing or be decided on the written filings. The decision of the Panel shall be final.~~

23. Submission of Documents and Identification of Witnesses by Respondent

At least ~~ten~~¹⁰ days in advance of the hearing, the respondent shall submit to the Market Regulation Department copies of all documents and records upon which the respondent plans to rely at the hearing, and provide a list of, and make available for inspection by the Market Regulation Department, all books, records, names of witnesses and other tangible evidence upon which the respondent plans to rely at the hearing. The Panel may refuse to consider any books, records, documents or other tangible evidence which was not made available to, or witnesses whose names were not submitted to, the Market Regulation Department pursuant to this section.

~~4. Legal Arguments of Respondent~~

~~At least ten days in advance of the hearing, the respondent shall submit to the Market Regulation Department all factual information and legal arguments upon which the respondent intends to rely in defense of the charges at the hearing. The Panel may refuse to consider any factual information or legal arguments not provided to the Market Regulation Department pursuant to this section.~~

408.C. Settlement Offers

A respondent that is the subject of an investigation or charges may submit for consideration by the Panel a written offer of settlement in disposition of such investigation or charges. However, the CHRC will determine whether to accept or reject any settlement offer with respect to charges issued by the CHRC submitted more than 14 days before a scheduled BCC hearing, pursuant to Rule 403.B.

A respondent may submit a settlement offer without admitting or denying the rule violations upon which the penalty is based; provided, however, that an offer must include a consent to entry of findings by the Panel regarding the conduct and rule violations at issue and to the penalty to be imposed.

If the Market Regulation Department does not oppose the respondent's offer of settlement, the respondent's written offer of settlement and the Market Regulation Department's supporting statement shall be submitted to the Panel for consideration.

If the Market Regulation Department opposes the respondent's offer of settlement, then following the issuance of any charges by the PCC, the respondent may submit a written offer of settlement for

consideration by the Panel. In considering whether to accept the respondent's offer, the Panel shall examine the respondent's written offer of settlement, and the Market Regulation Department's written opposition thereto, ~~and the investigation report with respect to such matter.~~

The respondent may withdraw his offer at any time prior to final acceptance of the offer by the Panel. If the Panel accepts the offer, a written decision setting forth the Panel's findings and sanction shall be issued, and written notice of the decision shall be given to the respondent.

If the Panel rejects the offer, the respondent will be notified of the rejection and the offer will be deemed withdrawn. If an offer is withdrawn or rejected by the Panel, the respondent shall not be deemed to have made any admissions by reason of the offer and shall not otherwise be prejudiced by having submitted the offer.

The Panel chairman may decline to convene the Panel to consider a settlement offer. Upon consent by the respondent, any hearing that follows a rejected settlement offer will be heard by the same Panel.

In submitting a settlement offer, the respondent waives his right to a hearing and to appeal the Panel's decision if the offer is accepted; the respondent also waives any claim of bias or prejudgment on the part of the Panel. If a respondent submits an offer within 14 days of a scheduled hearing on the charges, or after the hearing has begun, the offer shall not stay the hearing unless otherwise determined by the Panel c~~Chairman of the Panel.~~

408.D. Hearings

The Market Regulation Department shall be a party to the hearing and shall present evidence on the charges. The Market Regulation Department and the members of the Panel may question any witness and examine all the evidence stipulated to or presented at the hearing. The respondent shall be entitled to appear personally, testify, produce evidence, call witnesses on his own behalf and cross-examine any witness. The Market Regulation Department bears the burden of establishing the basis for a finding of guilt on any charge by a preponderance of the evidence. Formal rules of evidence shall not apply.

All testimony and documents produced in connection with a disciplinary hearing shall be deemed non-public and confidential and shall not be disclosed except in connection with proceedings resulting from that hearing or as required by law. An audiotape recording or other substantially verbatim record of the hearing shall be made and become part of the record of the proceeding. If a respondent requests a transcript, he shall be solely responsible for the cost of producing the transcript.

A majority vote of the Panel is required for a finding of guilt. A respondent that is found not guilty shall not again be charged with or tried for the same underlying conduct. In the event of a finding of guilt, the Panel may request additional information or argument from the parties as to the appropriate nature and amount of a sanction prior to determining such sanction. In the absence of exceptional circumstances, as determined by the Panel chairman, such argument shall proceed immediately upon the conclusion of the evidence and determination of the committee.

408.E. Decisions

Promptly following a hearing, the respondent shall be issued a written decision of the Panel's findings, which shall include: the notice of charges (or a summary thereof); the answer to the charges, if any (or a summary thereof); a brief summary of the evidence produced at the hearing ~~(or, where appropriate, incorporation by reference of the investigation report);~~ a statement of findings and conclusions with respect to each charge, including the specific rules which the respondent is found to have violated; a declaration of any penalty imposed and the effective date of such penalty; and the availability, if any, of an appeal of the decision within the Exchange or to the Commodity Futures Trading Commission.

409.

SUMMARY PROCEEDINGS BEFORE THE FLOOR CONDUCT ~~PIT~~ COMMITTEE AND THE PIT SUPERVISION ~~COMMITTEE~~

409.A. Jurisdiction

A member of the Pit Committee, a member of the Floor Conduct ~~Pit Supervision~~ 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 member of the Pit Supervision Committee or a designated representative of the Market Regulation Department shall additionally have the authority to issue charges against an individual with respect to trading infractions listed in Rule 514.A.6.9. that are of an egregious nature.~~ A panel of the Pit or Pit Supervision ~~Floor Conduct~~ Committee shall have authority to conduct summary proceedings with respect to charges under Rule 514, ~~except for charges pursuant to Rule 514.A.6.9. that are of an egregious nature which must be heard by a panel of the Pit Supervision Committee.~~

Charges against an individual shall be issued by filing the appropriate forms with the Market Regulation Department and by giving a copy to the respondent.

409.B. Selection of the Panel

~~For proceedings before the Pit Committee, a Pit Vice Chairman or a Pit Supervision Committee Co-Chairman shall select a panel consisting of three additional members of the Pit Committee or the Pit Supervision Committee, which may include other Co-Chairmen of the Pit Supervision Committee. Chairmen shall endeavor to rotate the members serving on the panels.~~

For proceedings before the Floor Conduct~~Pit Supervision~~ Committee, a Pit Supervision Committee Co-Chairman~~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~~Pit Supervision~~ Committee, which may include other Co-Chairmen of the committee. The Chief Regulatory Officer~~Chairmen~~ 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~~Pit Committee or Pit Supervision~~ Committee shall be conducted in a fair and impartial manner.

A summary proceeding before the Floor Conduct~~Pit Committee or Pit Supervision~~ Committee shall take place ~~on the same day that charges are issued or as soon as practicable thereafter~~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. An employee without membership privileges who is a respondent may be represented by a single representative of his employer, who may not be an attorney. 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 ~~that~~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.L, ~~a major offense~~.

~~If a panel of the Pit Committee, by a majority vote, decides that the trading infraction is of an egregious nature as described in Rule 514.A., it shall refer the matter to the Pit Supervision Committee. If a panel of the Pit Committee, by a majority vote, shall decide that the matter is of major importance or might warrant a penalty in excess of the Pit Supervision Committee's authority, the chairman of the Pit Committee shall refer the matter to the PCC and shall inform the individual of this referral in writing.~~

If a panel of the Floor Conduct~~Pit Supervision~~ 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~~Committee~~ shall refer the matter to the PCC 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 \$1,000 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 appeal shall be heard by a Panel of the BCC ("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 committee's discretion; or
2. In excess of the committee's authority or jurisdiction; or
3. Based on a clearly erroneous application or interpretation of Exchange rules.

410. HEARINGS BEFORE A HEARING PANEL OF THE BOARD OF DIRECTORS

Whenever a hearing is scheduled to be held before a hearing panel of the Board ("Panel"), the Chairman of the Board shall appoint a director to serve as the Panel chairman, who shall conduct the hearing, and two additional directors to serve on the Panel. One of these directors shall be a non-member. A majority decision by the Panel shall be considered the action of the Board as a whole.

~~In a disciplinary matter, e~~Each Panel that conducts a hearing or proceeding shall consist of directors that possess sufficiently diverse interests so as to ensure fairness ~~in accordance with CFTC Regulation 4.64. In a disciplinary matter, F~~the hearing shall be conducted in accordance with the provisions of Rule 408.

No member of the Board may serve on a particular Panel if he participated on the charging committee

or has a personal, financial or other direct interest in the matter under consideration or is a member of the same broker association as the respondent.

411.

APPEAL TO A HEARING PANEL OF THE BOARD OF DIRECTORS

The ~~Managing Director of Regulatory Affairs~~ Market Regulation Department may request an appeal to a hearing panel of the Board ("Appellate Panel") regarding any decision of or sanction imposed by the BCC, or any refusal by the PCC to issue those charges requested by the Market Regulation Department, by filing a ~~notice of request for an~~ appeal with the Exchange Legal Department within 10 business days after receiving notice of such decision, ~~or sanction or refusal~~. Filing of a request for an appeal by the ~~Managing Director of Regulatory Affairs~~ Market Regulation Department shall stay ~~the~~ any decision that is appealed unless the Chairman of the Board or the chairman committee of the BCC Panel from which the appeal is taken specifically directs that the decision is not stayed pending appeal.

A Member found guilty of an offense or otherwise aggrieved by a disciplinary decision of the BCC or CHRC, may, within 10 business days of being provided notice of any such decision, unless specifically prohibited, request an appeal to an Appellate Panel provided that the decision assesses a monetary sanction greater than \$10,000 and/or an access denial or suspension of any membership privileges for greater than five business days against the ~~Member~~. Filing of a request for an appeal by a Member shall ~~not~~ stay the decision appealed unless the Market Regulation Department objects to such a stay and the Chairman of the Board, the Managing Director of Regulatory Affairs, or the chairman of the BCC Panel committee from which the appeal is taken specifically directs that the decision beis not stayed pending appeal.

Upon receiving the written request for an appeal, the Appellate Panel, ~~(in its sole discretion)~~ by a majority vote, shall determine whether sufficient grounds exist to hold a hearing on grant the appeal. The Appellate Panel may only determine that sufficient grounds exist if there is a reasonable basis to conclude that the appellant might be able to meet one of the standards identified below that would permit the Appellate Panel to set aside, modify or amend the appealed decision or the refusal to issue charges. The Appellate Panel's determination shall be based solely upon the written request and, in the case of an appeal of a BCC decision, any written response by the opposing party. The Appellate Panel's determination of whether to hold a hearing on grant or deny the request for an appeal shall be final.

If the Appellate Panel grants the appellant's request for an appeal hearing, the appeal shall be heard within 60 days of the filing of the ~~notice of request for an~~ appeal, unless the ~~Chairman of the Appellate Panel~~ determines that good cause for an extension has been shown.

The appellate hearing shall be limited to the record ~~from~~ the appealed proceeding ~~appealed from~~. The Appellate Panel shall not entertain any new evidence or new legal theory not raised in the prior proceeding except upon a clear showing by the appellant that such new evidence or new legal theory did not exist or was not ascertainable by due diligence at the time of the proceeding, and that there was insufficient time within the intervening period prior to the hearing of the Appellate Panel for the appellant to bring such new evidence or legal theory to the attention of the BCC or the PCC, as applicable. The ~~Chairman~~ of the Appellate Panel shall allow the filing of briefs in connection with the appeal of a decision of the BCC. The Appellate Panel shall review the investigation report in connection with the appeal of a refusal by the PCC to issue those charges requested by the Market Regulation Department.

No member of the Board may serve on a particular Appellate Panel if he participated on the ~~charging committee, the hearing committee that originally heard the case~~ PCC Panel that issued, or considered issuing, the charges, or on the BCC Panel that issued the decision, or if he has a personal, financial, or other direct interest in the matter under consideration or is a member of the same broker association as the respondent or potential respondent.

The Chairman of the Board shall appoint a director to serve as the Appellate Panel ~~Chairman~~, who shall conduct the hearing, and two additional directors to serve on the Appellate Panel. One of these directors shall be a non-member. Any party to the appeal ~~The appellant~~ may request the Chairman of the Board to strike any director for good cause shown. The Chairman of the Board may then excuse such director and shall then select an alternate director from the Board. An Appellate Panel shall consist of directors that possess sufficiently diverse interests so as to ensure fairness.

The Appellate Panel shall not set aside, modify or amend the appealed decision or the refusal to issue charges unless it determines, by a majority vote, that the decision or the refusal to issue charges was:

- A. Arbitrary, capricious, or an abuse of the committee's discretion; ~~or~~
- B. In excess of the committee's authority or jurisdiction; ~~or~~
- C. Based on a clearly erroneous application or interpretation of Exchange rules.

In the case of an appeal of a disciplinary decision, ~~The~~ Appellate Panel shall issue a written decision

which shall include a statement of findings with respect to the decision from which the appeal was taken and the Appellate Panel's determination that such initial decision is affirmed, set aside, modified or amended in whole or in part and, with respect to any initial decision that is not affirmed in whole, the Appellate Panel's determination of the order or penalty to be imposed, if any, and the effective date. The decision of the Appellate Panel shall be deemed a decision of the Board and shall be a final decision of the Exchange.

In the case of an appeal by the Market Regulation Department of a decision by the PCC not to issue those charges requested by the Market Regulation Department, the Appellate Panel shall either affirm or set aside the decision of the PCC. If the decision is set aside, the Appellate Panel shall remand the matter to the PCC for the issuance of charges. If the decision is affirmed, the Appellate Panel shall direct that no further action be taken and such decision shall be deemed a decision of the Board and shall be a final decision of the Exchange.

In the case of an appeal by the Market Regulation Department of a decision by the BCC to grant a respondent's motion to dismiss any or all of the charges, the Appellate Panel shall either affirm or set aside the decision of the BCC with respect to each dismissed charge. If the decision is set aside with respect to any dismissed charge, such charge shall be deemed to be reinstated and disciplinary proceedings with respect to all of the charges shall be conducted before a different panel of the BCC pursuant to the procedures in Rule 408. If the decision is affirmed with respect to any dismissed charge, the Panel shall direct that no further action be taken with respect to such dismissed charge and such decision shall be deemed a decision of the Board and shall be a final decision of the Exchange.

This rule shall not apply to appeals of Arbitration Committee decisions, which shall be governed by the rules contained in Chapter 6.

412. SUMMARY ACTION

In cases of action taken against a Member pursuant to Rules 94076 or 94177, the Member affected shall be notified in writing of such action. The notice shall state: the action taken; the reason for action; and the effective time, date and duration thereof.

The Member may, within two business days following receipt of notice of action taken, request a hearing before a hearing panel of the Board ("Panel"). The hearing shall be conducted within 60 days of such request, in accordance with the requirements of Rule 408, unless the cChairman of the Panel determines that good cause for an extension has been shown, in accordance with the requirements of Rule 408, but shall not stay any action taken pursuant to Rules 94076 or 94177.

Following the hearing, if any, the Panel shall cause to be prepared a written decision containing: a description of the summary action; the reasons for such action; a descriptionsummary of the evidence produced at the hearing; findings and conclusions; a determination that the summary action should be affirmed, set aside, modified or amendedreversed and the reasons therefore; and the effective date and duration, if any, of subsequent or continuing actions. The Panel shall not set aside, modify or amend the modify or reverse summary action taken against a Member unless only if the it Panel determines, by a majority vote, that the summary action taken was: found to be 1) arbitrary, capricious or an abuse of discretion, 2) lacking any reasonable basis in fact, or 3) taken in bad faith.

A. Arbitrary, capricious, or an abuse of the committee's discretion; or

B. In excess of the committee's authority or jurisdiction.

413. SUMMARY ACCESS DENIAL ACTIONS

413.A. Authority to Deny Access

Members may be denied access to any or all Exchange CME and CBOT markets or be denied access to the GlobexLOBEX and e-cbot platforms (The e-cbot reference will be eliminated upon completion of the migration of all CBOT products to Globex) or be immediately removed from the (Upon floor integration the word "combined" will be inserted in front of CME.) CME and CBOT trading floors by the Managing Director of Chief Regulatory Affairs 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.

413.B. Notice

Promptly after an action is taken pursuant to Rule 413.A., the Member shall be informed of the action taken, the reasons for the action, and the effective date, time and the duration of the action taken. The Member shall be advised of his right to a hearing before a panel of the BCC ("Panel") by filing notice of intent with the Market Regulation Department within 10 business days of the Notice date.

413.C. Hearing

The Member shall have the right to be represented by legal counsel or a member of the Exchange, other than a member of the BCC, a member of the PCC, a member of the Board or an employee of the Exchange. The Panel shall conduct a de novo hearing solely on the issue of the denial of access in accordance with the procedures in Rule 408. Filing of a notice of intent pursuant to Rule 413.B. shall not stay the ~~Managing Director of~~ Chief Regulatory Affairs Officer's decision to deny access.

413.D. Duration of Access Denial

Any decision to deny access pursuant to Rule 413.A. or Rule 413.C. shall not remain in effect for more than 60 ~~consecutive~~ days unless the ~~Managing Director of~~ Chief Regulatory Affairs Officer or his delegate, upon further consideration of the circumstances that resulted in a prior access denial action, provides written Notice to the Member advising that the Member's access will be denied for an additional period of time not to exceed 60 ~~consecutive~~ days. Such Notice shall comport with the provisions of Rule 413.B. At any time, a Member may petition the BCC to reconsider the access denial based upon materially changed circumstances.

414. INVESTIGATIONS BY OTHER SELF-REGULATORY ORGANIZATIONS

If a self-regulatory organization that is a party to an information sharing agreement with the Exchange requests assistance in connection with an investigation, the ~~Managing Director of~~ Chief Regulatory Affairs Officer may direct a Member to submit to an examination by the requesting self-regulatory organization and to produce information pertinent to that investigation. The request for assistance shall describe the investigation, explain why Exchange assistance is necessary and describe the scope of assistance sought. An order directing a Member to submit to an examination shall be issued unless the ~~Managing Director of~~ Chief Regulatory Affairs Officer determines that such order would not be in the best interests of the Exchange. An examination pursuant to such order shall be conducted according to Exchange rules and shall be conducted on Exchange premises under the direction of Exchange staff. At the discretion of the ~~Managing Director of~~ Chief Regulatory Affairs Officer, representatives of the requesting self-regulatory organization may observe and participate in the examination. Failure to comply with an order issued under this ~~Rule shall~~ may constitute a major offense against the Exchange.

415. COOPERATION WITH OTHER EXCHANGES AND CLEARING ORGANIZATIONS

The Chief Executive Officer or the President, or their delegates, are authorized to provide information to an exchange or clearing organization that is a party to an information sharing agreement with the Exchange, in accordance with the terms and conditions of such agreement.

416. CONFLICTS OF INTEREST

416.A. Abstention Requirements

A member of a ~~charging, adjudicating, or appeal committee, or Board hearing panel or appeal panel~~ must abstain from participating in any matter where such member:

1. Is a witness, potential witness, or a party;
2. Is an employer, employee, or co-worker of a witness, potential witness, or a party;
3. Is associated with a witness, potential witness, or a party through a broker association as defined in Exchange rules;
4. Has any significant personal or business relationship with a witness, potential witness, or a party, not including relationships limited to (a) executing futures or options transactions opposite each other, or (b) clearing futures or option transactions through the same clearing member; or
5. Has a familial relationship to a witness, potential witness, or a party.

416.B. Disclosure of Relationship

1. Prior to the consideration of any matter involving a subject, each member of a charging, adjudicating, or appeal committee or panel must disclose to the appropriate Exchange staff whether he or she has one of the relationships listed in Rule 416.A. above with the subject. ~~Failure to make such disclosure may be a major offense.~~
2. In its sole discretion, Exchange staff shall determine whether any member of the committee or panel is required to abstain in any matter.

417. PROHIBITED COMMUNICATIONS

417.A. Ex Parte Communications

Unless on notice and opportunity for all parties to participate:

1. No subject or respondent (or any counsel to or representative of a subject or respondent) or the Market Regulation Department (or any counsel to or representative of the Market Regulation Department) shall knowingly make or cause to be made an ex parte communication relevant to the merits (which shall not include scheduling and procedural matters) of an investigation or a proceeding to a memberpanelist of a charging, adjudicatory, or appeal committee or panel with respect to that matter or proceeding.
2. No memberpanelist of a charging, adjudicating, or appeal committee or panel that is participating in a decision with respect to an investigation or a proceeding shall knowingly make or cause to be made to a subject or respondent (or any counsel to or representative of a subject or respondent) or the Market Regulation Department (or any counsel to or representative of the Market Regulation Department) an ex parte communication relevant to the merits (which shall not include scheduling and procedural matters) of that matter or proceeding.

417.B. Communications with Panelists

No member shall attempt to influence disciplinary matters pending before a charging, adjudicatory, or appeal committee by discussing, or attempting to discuss, such pending matters with a member of such committee or any member of the Board.

417.C. Disclosure

Any person who receives, makes or learns of any communication which is prohibited by this rule shall promptly give notice of such communication and any response thereto to the Market Regulation Department and all parties to the proceeding to which the communication relates.

417.D. Violation

~~A violation of this rule may constitute a major offense.~~ A person shall not be deemed ~~not~~ to have violated this rule if the person refuses an attempted communication concerning the merits of an investigation or proceeding as soon as it becomes apparent that the communication concerns the merits.

418.-430]. [RESERVED]

431. MAJOR AND MINOR OFFENSES AND PENALTIES

~~Offenses against the Exchange shall be classified as major offenses and minor offenses.~~

~~Major offenses shall be punishable by expulsion, suspension, denial of access to Exchange products or facilities, and/or a fine of not more than \$1,000,000 plus the monetary value of any benefit received as a result of the violation.~~

~~Minor offenses shall be punishable by suspension, denial of access to Exchange products or facilities, and/or a fine of not more than \$100,000 plus the monetary value of any benefit received as a result of the violation.~~

432. GENERAL MAJOR OFFENSES

It shall be an major offense:

- A. to have an interest in, operate or knowingly act on behalf of a bucket-shop, or knowingly make any transaction with a bucket-shop;
- B. to engage in fraud, ~~or bad faith~~ or in conduct or proceedings inconsistent with just and equitable principles of trade;
- C. to engage in dishonest conduct;
- D. to create or report a false or fictitious trade;
- E. to extort or attempt extortion;
- F. to buy or sell any Exchange futures or options contract with the intent to default on such purchase or sale;
- G. to act as both buyer and seller in the same transaction;
- H. to engage in, or attempt to engage in, the manipulation of prices ~~of~~ Exchange futures or options contracts; ~~to or~~ cornering or squeezeing, or attempt to corner or squeeze, the underlying cash market; or to purchase or sell, or offer to purchase or sell Exchange futures or options contracts, or any underlying commodities or securities, for the purpose of upsetting the equilibrium of the market or creating a condition in which prices do not or will not reflect fair market values;
- I. to make a verbal or written material misstatement to the Board, a committee, or Exchange

employees;

- J. to knowingly disseminate false, misleading or inaccurate information concerning crop or market information or conditions that affect or may affect the price of any Exchange futures or options contract or spot transaction in the underlying commodity;
- K. to trade or accept performance bonds after insolvency;
- L.
 1. to fail to appear before the Board, Exchange staff or any investigative ~~and~~ hearing committee at a duly convened ~~investigative~~ hearing or in connection with any investigation;
 2. to fail to fully answer all questions and produce all books and records at such hearing or in connection with any investigation, or to testify make falsely statements;
 3. to fail to produce any books or records requested by Exchange staff in connection with an investigation within 130 days after such request is made or such shorter period of time as determined by the Market Regulation Department in exigent circumstances or to fail to appear at a scheduled staff interview;
- M. to use or disclose, for any purpose other than the performance of an individual's official duties as a member of any committee or the Board of Directors, any non-public information obtained by reason of participating in any Board of Directors or committee meeting or hearing;
- N. 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. for a Member to permit the use of its facilities or membership privileges in a manner that is ~~substantially~~ detrimental to the interest or welfare of the Exchange or results in a violation of Exchange Rules or the Commodity Exchange Act;
- P. for a Clearing Member to fail to maintain minimum financial requirements;
- Q. to commit an act which is ~~substantially~~ detrimental to the interest or welfare of the Exchange or to engage in any conduct which tends to impair the dignity or good name of the Exchange;
- R. to ~~fail~~ refuse to submit to the arbitration of any dispute which Exchange staff, an arbitration panel or the Board decides should be arbitrated pursuant to Chapter 6; or to ~~fail~~ refuse to comply with a final arbitration award;
- S. to ~~fail~~ refuse, after hearing, to comply with an order of the Board, Exchange staff or any hearing committee;
- T. ~~to violate a rule which states that such violation may be a major offense~~ to engage in dishonorable or uncommercial conduct;
- U. except where a power of attorney or similar document has been executed pursuant to Rule 956, for a ~~Member or commodity representative~~ to accept or transmit a customer order which has not been specifically authorized, i.e., the customer has not specified commodity, contract month, quantity, time and price;
- V. to be expelled from a U.S. or foreign designated commodities or securities exchange;
- W. for a Member to fail to diligently supervise its employees and agents in the conduct of their business relating to the Exchange;
- X. for a Member to aid or abet the commission of any ~~major offense~~ against the Exchange;
- Y. to improperly use the GlobexLOBEX platform or permit the unauthorized use of the GlobexLOBEX platform; and/or
- Z. for a Member to fail to disclose to the Exchange and 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.

433-434. [RESERVED] MINOR OFFENSES

It shall be a minor offense:

- A. ~~to engage in dishonorable conduct;~~
- B. ~~to engage in uncommercial conduct;~~
- C. ~~to engage in any conduct which tends to impair the dignity or good name of the Exchange;~~
- D. ~~to assert a Statute of Frauds defense to any claim for breach of an Exchange contract;~~
- E. ~~to violate any rule, the violation of which is not a major offense;~~
- F. ~~to circulate or assist in the circulation in any manner of rumors which tend to adversely reflect on the integrity of any contract; and/or~~

~~G. for a Member to use any device (whether fixed or moveable) or make any physical alterations on the trading floor that would alter the existing trading floor elevations, without prior approval from the Exchange.~~

434. ~~EFFECT OF MAJOR OR MINOR RULE VIOLATION~~

~~A Member found guilty of a major or minor rule violation shall be subject to the prohibitions on committee service set forth in Rule 300.~~

435. ~~EFFECT OF SUSPENSION OR EXPULSION~~

~~The effects of a suspension or expulsion from membership shall apply to all Exchange markets divisions in which the suspended or expelled person is a member is eligible to trade.~~

~~Unless otherwise determined by the committee with jurisdiction over such matters, a suspended or expelled Member shall not be entitled to any of the privileges of membership during the period of such suspension or expulsion, including, but not limited to, the right to:~~

- ~~A. access the Exchange floor or the GlobexLOBEX platform;~~
- ~~B. obtain member rates;~~
- ~~C. any applicable cross-exchange trading privileges; and~~
- ~~D. lease out an owned membership.~~

436. ~~[RESERVED] OPEN TRADES OF SUSPENDED OR EXPELLED CLEARING MEMBERS~~

~~When a Clearing Member is suspended or expelled other than for insolvency or default on his obligation to the Clearing House, it may designate a Member to close out its open trades in accordance with the Board's direction.~~

437. ~~NOTICE OF DISCIPLINE~~

~~Written 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 provided to the CFTC and to and shall be provided to any Member who is suspended, expelled, disciplined or denied access to the Exchange within 30 days after the decision becomes final. Additionally, a written notice shall 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 name, the rule(s) violated, the reason for the Exchange's action, and the action taken or penalty imposed.~~

438. ~~[RESERVED] SUSPENSION OR EXPULSION VACATES POSITION~~

~~Any director or member of any committee of the Exchange, when suspended or expelled from membership, shall be disqualified from further service as a director or committee member.~~

439. ~~MEMBER'S INDEMNIFICATION LIABILITY TO THE EXCHANGE~~

~~A Member or former Member shall indemnify and hold harmless the Exchange, Chicago Mercantile Exchange Holdings Inc., the New York Mercantile Exchange Inc., CME Alternative Marketplace Inc., and solely in its capacity as a provider of auction services for CME Alternative Marketplace Inc., the International Securities Exchange, including each of their respective subsidiaries and affiliates (collectively, the indemnified parties) and its their officers, directors, employees, and agents, for any and all losses, damages, costs and expenses (including attorneys' fees) incurred by the indemnified parties Exchange as a result (directly or indirectly) of such Member's violation or alleged violation of Exchange rules or state or federal law.~~

~~Any charges arising out of this rule shall be subject to liens as provided in Rule 110(a).~~

440. ~~CLAIMS BY MEMBERS~~

~~A Member who commences a legal action for the purposes of resolving or airing a grievance, complaint or dispute against or with the Exchange, its directors, officers, employees, or agents, or another Member of the Exchange without first resorting to and exhausting the procedures established by Rules 110 and the mandatory arbitration provisions of Chapter 600 (including appeals to the Board), or any other rules relating to settlement of disputes arising out of transactions or matters pertaining to the Exchange shall be deemed to have committed an act detrimental to the interest or welfare of the Exchange violated Exchange Rule 432.C, a major offense. Arbitration pursuant to Chapter 6 is mandatory. This rule shall not abrogate an individual's right to reparations pursuant to Section 14 of the Commodity Exchange Act.~~

A Member who commences a legal action against the Exchange, its directors, officers, employees, or agents, after he has exhausted all of the procedures established by the Exchange, may be found to have committed an act detrimental to the interest or welfare of the Exchange in violation of Rule 432.Q. in the event that at hearing the Board or the BCC determines that the Member's action was not meritorious or warranted.

441. COMMUNICATIONS WITH THE PUBLIC AND PROMOTIONAL MATERIAL

Promotional material and similar information issued by Members shall comply with the requirements of National Futures Association Rule 2-29, as amended.

442. NOTIFICATION OF SIGNIFICANT EVENTS

Each Member shall immediately notify the Managing Director of Regulatory Affairs Market Regulation Department in writing upon becoming aware of any of the following events relating to such Member:

1. any suspension, expulsion, revocation or restriction of such Member's trading privileges or any fine in excess of \$25,000, through an adverse determination, voluntary settlement or otherwise, by any court, commodity or securities exchange or related clearing organization, the Securities and Exchange Commission, the Commodity Futures Trading Commission or the securities commission or equivalent authority of any state, territory, the District of Columbia or foreign country, the National Futures Association, the National Association of Securities Dealers, Inc., or any self-regulatory or regulatory organization; and/or
2. any indictment of the Member or any of its officers for, any conviction of the Member or any of its officers of, or any confession of guilt or plea of guilty or nolo contendere by the Member or any of its officers to 1) any felony or 2) any misdemeanor involving, arising from, or related to the purchase or sale of any commodity, security, futures contract, option or other financial instrument or involving or arising from fraud or moral turpitude; and/or
3. any involuntary bankruptcy petition that has been filed against such Member, or in the case of a voluntary bankruptcy proceeding, when such Member has filed or has formed a definite intention to file for bankruptcy.

Nothing in this rule shall limit or negate any other reporting obligations that any member may have to the Exchange or any other regulator or person. ~~Violation of this rule may be a major offense.~~

443. SPECULATIVE AND HEDGE POSITION LIMIT VIOLATIONS

The Market Regulation Department and the BCC shall have the authority to enforce the ~~speculative position limit rules of the Exchange.~~ For purposes of this rule, any positions in excess of those permitted under the rules of the Exchange ~~any allowed by a valid hedge approval shall be deemed speculative position limit violations.~~ Additionally, any person making a bid or offer that would, if accepted, cause such person to exceed the applicable position limits shall be in violation of this rule.

~~Failure to reduce any positions, including positions described in Rule 443.C., as instructed by the Market Regulation Department, shall result in the imposition of fines in accordance with the automatic fine schedule in Rule 443.E.~~ A customer who exceeds the speculative position limits as a result of maintaining positions at more than one clearing member shall be deemed to have waived confidentiality regarding his position and the identity of the clearing members at which they are maintained.

A clearing member will not be in violation of this rule if it carries positions for its customers in excess of the applicable position limits for such reasonable period of time as the firm may require to discover and liquidate the excess positions or, if applicable, to file the appropriate hedge or exemption statements for the customer accounts in question. For the purposes of this rule, a reasonable period of time shall generally not exceed one business day.

In addition to any other sanctions imposed pursuant to this rule, the failure to reduce any positions as instructed by the Market Regulation Department shall result in the imposition of automatic fines in accordance with the fine schedule maintained by the Market Regulation Department. Sanctions issued pursuant to this rule may be appealed to the BCC which may modify or overturn the sanction for good cause shown.

443.A. First Violation

The first violation of a ~~speculative position limit~~ may will result in a warning letter to be issued by the Market Regulation Department to ~~each of the customers, and Members, including the associated persons, and/or clearing firms involved.~~ Although such activity shall be considered a rule violation, notice of such rule violation will not be posted for the first occurrence of a speculative position limit violation; however, a record of the incident will be maintained.

443.B. Subsequent Violations Following a Warning Letter

A subsequent speculative position limit violation within 12 months of the issuance of a warning letter shall constitute a rule violation which may result in the issuance of a cease and desist order by the Market Regulation Department to the Members, including the associated persons and/or clearing members involved. A notice of such cease and desist order, which shall be posted.

If a customer exceeds the speculative position limits after having received a warning letter for a previous violation of this rule, the customer will be issued a second warning letter, with copies sent to the appropriate parties, stating that a third violation may result in a hearing to consider denial of access to the market.

443.C. Referral to the Business Conduct Probable Cause Committee

Any third, subsequent and/or egregious position limit violation may be referred by the Market Regulation Department to the PCC for consideration of the issuance of charges. Notwithstanding anything to the contrary, the BCC may take other actions or impose additional penalties in the following cases:

1. Where the violation occurs in the spot month;
2. Where the violation involves a position which is more than 150 percent of the speculative or approved hedge position limit;
3. Where the violation is the third offense within any 12-month period; or
4. Where the Market Regulation Department deems the violation to be of an egregious nature.

443.D. Alternate Risk Factor Evaluation

If, at the end of the business day, a position exceeds speculative limits when evaluated using the previous day's IOM risk factors, but does not exceed speculative limits when evaluated using the IOM risk factors as of that day's close of trading, then the position shall not be deemed to violate speculative limits.

If a position that includes options exceeds position limits for passive reasons such as a market move or exercise assignment, the person who owns or controls such position shall be allowed one business day to liquidate the excess position without being considered in violation of the limits. In addition, if at the close of trading, a position that includes options exceeds position limits when evaluated using the previous day's delta factors, but does not exceed the limits when evaluated using the delta factors of that day's close of trading, then the position shall not constitute a position limit violation.

443.E. Automatic Fine Schedule for Failure to Reduce Positions

SITUATION	FINE	ASSESSED AGAINST
1. Member account over speculative position limits at one clearing member.	\$100/contract/day until position is reduced. \$500/day until position is reduced.	Member Clearing member
2. Associated person account over speculative position limits at one clearing member.	\$100/contract/day until position is reduced. \$500/day until position is reduced.	Associated person Clearing Member
3. Customer account over speculative position limits at one clearing member.	\$250/day until position is reduced. \$100/contract/day until position	Associated person Clearing member

_____ is reduced or
_____ \$500/day until
_____ position is reduced,
_____ whichever is greater.

4. _____ House account _____ \$100/contract/day _____ Clearing
_____ over speculative _____ until position _____ member
_____ position limits at _____ is reduced.
_____ one clearing _____
_____ member.

_____ SITUATION _____ FINE _____ ASSESSED AGAINST

5. _____ Customer _____ \$100/contract/day _____ Clearing
_____ account over _____ until position is _____ member(s)
_____ speculative _____ reduced or _____ (pro rata
_____ limits and _____ \$500/day until _____ among clearing
_____ positions at _____ position is _____ members).
_____ more than one _____ reduced, whichever
_____ clearing member. _____ is greater.

-(End Chapter 4)

**INTERPRETATIONS & SPECIAL NOTICES
RELATING TO CHAPTER 4**

GEM MEMBER REQUIREMENTS

A GEM member, while on the trading floor as a GEM member, must be primarily engaged in the business of trading or soliciting orders for GEM Division products. Shortly after the GEM Division was created, the GEM Access Committee adopted an interpretation allowing a GEM member to act as a non-member clerk in non-GEM products on the trading floor, while also acting as a GEM member with respect to GEM products, provided that the following restrictions are met:

- The GEM member must be registered with the Exchange as a floor clerk in order to act in that capacity.
- Such member cannot exceed the functions permitted to a non-member floor clerk with respect to non-GEM products—i.e., he or she cannot solicit customers in such products and cannot share in any revenues generated as a result of trades in such products.
- A GEM member who also acts as a clerk will not satisfy the one-year holding period to become an order filler as a lessee in another Division pursuant to Rule 106.D.10, unless he or she can demonstrate that he or she was primarily engaged in active trading or order filling in GEM Division products during that time.

Starting from September 11, 1998 [the effective date of the Interpretation], an individual may have floor access as both a GEM member and as a non-member clerk in non-GEM products for no longer than one year. After one year, the individual must relinquish either his or her floor access as a GEM member or his or her ability to act as a clerk on the trading floor. Exchange staff may grant waivers of that requirement to individuals upon a showing of financial hardship or upon a showing that the individual has made a good faith effort to increase his or her trading or solicitation of GEM products while on the trading floor.

Chapter 5 TRADING QUALIFICATIONS AND PRACTICES

500. SCOPE OF CHAPTER

This chapter prescribes rules concerning: floor access privileges, qualifications for trading privileges, and trading practices. ~~Unless otherwise specified, any violation of the rules in this chapter shall be a minor offense.~~

FLOOR PRIVILEGES

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, ~~and clerks and broker assistants.~~ Such employees shall not be permitted to solicit customers or benefit from the production of orders, except as provided in Rule 140 ~~and Rule 152.~~ Such employees shall not trade or have any interest in an account trading in any CME or CBOT ~~[THE REFERENCE TO CBOT WILL BE INSERTED NO LATER THAN THE COMPLETION OF TRADING FLOOR CONSOLIDATION]~~ futures' or options contracts ~~on the Exchange.~~ Employees must wear a prescribed identification badge for which any annual fee must be paid. Any member permitting trading by such employee ~~shall~~ may be guilty of an ~~major 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 TWO PARAGRAPHS WILL BE ADOPTED NO LATER THAN THE COMPLETION OF TRADING FLOOR CONSOLIDATION]

The following shall apply to any IMM, IOM or GEM member 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 status as referenced above.

A member holding a broker assistant badge shall be required to notify his qualifying clearing member, as defined in Rule 924, 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 924.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 924.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 Probable Cause Committee.

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 ~~itsuch registration is determined that such registration may~~ be detrimental to the interest or welfare of the Exchange.

~~Violation of this rule may be a major offense.~~

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 ~~the floor or otherwise 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.-504. [RESERVED] RETIRED MEMBERS [THE CME WILL ADOPT THIS RULE NO LATER THAN THE COMPLETION OF TRADING FLOOR CONSOLIDATION]

Any 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. Retired members are prohibited from trading or placing orders for any account while on the trading floor, or accessing the trading pits during trading hours.

504. [RESERVED]

505. BOOTH AND FLOOR PRIVILEGES [THE CME WILL ADOPT THE CHANGES TO THIS RULE NO LATER THAN THE COMPLETION OF TRADING FLOOR CONSOLIDATION]

Booth space on the trading floor may be assigned only to clearing members and member firms. Available booth space will be 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. Orders may be accepted at the booth space assigned to a member or a clearing member's booth firm only by the member, its employees of the member or member firm and by the members it qualifies by the member firm (except that a member's order may be accepted by the member's employee).

Notwithstanding the foregoing any other rule, a member, who is employed by or associated with a non-clearing entity that is engaged in the business of soliciting or accepting orders for the purchase or sale of Exchange contracts, may not use the facilities in any trading floor booth in order to facilitate the business of that non-clearing entity. This limitation shall not apply to a Rule 106.I. firm conducting business for itself, its customers or its related parties 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, Futures Commission Merchant, Commodity Trading Advisor or Commodity Pool Operator 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.

The following grid displays the type of orders being handled at a firm's booth on the trading floor and who may handle them.

TYPE OF MEMBER/EMPLOYEE AND PLACE OF FACILITATION	(1)ORDERS FOR THE CLEARING MEMBER'S (BOOTH OWNER) CUSTOMERS EXCLUDING ORDERS FOR CUSTOMERS OF A NON-CLEARING ENTITY	(2)ORDERS FOR THE CUSTOMERS OF A NON-CLEARING ENTITY	(3)ORDERS FOR THE CLEARING ENTITY'S PROPRIETARY ACCOUNT	(4)ORDERS FOR THE NON-CLEARING ENTITY'S PROPRIETARY ACCOUNT	(5)ORDERS FOR A 106.H FIRM ACCOUNT	(6)ORDERS FOR AN INDIVIDUAL MEMBER'S ACCOUNT	(7)ORDERS FOR THE CUSTOMERS OF A RULE 106.I RELATED PARTY	(8)ORDERS FOR THE PROPRIETARY ACCOUNT OF A RULE 106.I RELATED PARTY
A-CLEARING FIRM EMPLOYEE MEMBER AT EMPLOYER'S OR QUALIFYING FIRM'S BOOTH	YES	YES	YES	YES	YES	YES	YES	YES
B-CLEARING FIRM EMPLOYEE CLERK AT	YES	YES	YES	YES	YES	YES	YES	YES

THE EMPLOYER'S BOOTH									
C. INDIVIDUAL MEMBER AT THE QUALIFYING FIRM'S BOOTH	YES	YES	YES	YES	YES	==	YES	YES	YES
D. INDIVIDUAL MEMBER'S CLERK	NO	NO	NO	NO	NO	YES	NO	NO	NO
E. NON-CLEARING ENTITY EMPLOYEE MEMBER AT THE QUALIFYING FIRM'S BOOTH	YES	NO	YES	NO	YES (UNLESS E2 APPLIES)	YES	YES	YES	YES
F. 106.H MEMBER	NO	NO	NO	NO	YES	NO	NO	NO	NO
G. 106.H MEMBER'S CLERK	NO	NO	NO	NO	YES	NO	NO	NO	NO
H. 106.I MEMBER	YES	YES	YES	YES	YES	YES	YES	YES	YES
I. 106.I MEMBER'S CLERK	YES	YES	YES	YES	YES	YES	YES	YES	YES

506. **[RESERVED] HEADSET PRIVILEGES ON THE TRADING FLOOR [THE CME WILL ADOPT THIS RULE NO LATER THAN THE COMPLETION OF TRADING FLOOR CONSOLIDATION]**

506.A. Access and Supervision

All members and member firms are eligible to lease headsets from the Exchange for use on the trading floor by filing an application with the Telecommunications Department. 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 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 recordation 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.

Unless specifically exempted by the Market Regulation Department or designated Exchange staff, all headset communications must be voice recorded by the member or member firm authorized to use the headset and all such recordings must be maintained for a minimum of ten business days following the day on which the recording is made. 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.

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 authorized 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, telephone, or two-way radio. No Member (as defined in Rule 400) shall permit others to use any electronic device unless such use has been authorized by the Exchange. In using an electronic device, such Member shall retain any audit trail data in accordance with applicable Exchange CME 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 authorized electronic device by any Member. The Exchange may limit, suspend or terminate any Member's right to use any authorized 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 authorized electronic device by any Member.

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

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 and regulations. 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

Personal electronic handheld information devices including, but not limited to, cell phones, personal digital assistants (PDAs) and other devices with instant messaging capability may be used on the trading floor only for non-business purposes, except that members may use such devices to place orders for their own account provided the member complies with all audit trail requirements. Such devices must not interfere with any Exchange system.

507.E. Cameras and Video Equipment

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

~~Violation of this rule may be a major offense.~~

508. GIVING AND RECEIVING OF GRATUITIES

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

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

~~Violation of this rule may be a major offense.~~

509. [RESERVED]

TRADING QUALIFICATIONS AND REGULATIONS

510. 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.

Any 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, board, spot call, ~~or allowable privately negotiated block, EFP, EFR or EBF~~ transaction on the Exchange unless he is qualified to do so by a clearing member.

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 only place trades only through his qualifying clearing member. Any non-qualifying clearing member that carries has a member's account in a deficit position shall promptly notify the clearing member that is qualifying such member.

All trades initiated for a member's account, an account which he controls or an account in which he has a proprietary interest shall be disclosed on the books of a clearing member.

~~If a member trades in excess of limits prescribed by his qualifying clearing member, without sufficient funds in his account to margin the position, and such trades are profitable, the qualifying clearing member shall be entitled to retain the profits derived from such excess trades. The claim of a qualifying clearing member to such profits shall be submitted to arbitration under Chapter 6.~~

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 hearing ~~p~~Panel of the Business Conduct Committee~~Board of Directors~~ ("Panel") pursuant to the applicable provisions~~cedures~~ of Rule 41008. 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 or board trading ~~during Regular Trading Hours.~~

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.

512. [RESERVED]

513. **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 ~~p~~Panel of the ~~Floor Conduct~~~~Pit Supervision~~ Committee. The ~~p~~Panel may impose a fine not to exceed \$5,000 per violation.
4. Notwithstanding any other provision in this Rule, the ~~Managing Director of~~Chief Regulatory Affairs Officer ("MDRA") 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 Probable Cause Committee 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 pPanel's or Exchange staff's discretion; ~~or~~
2. In excess of the pPanel'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 price infraction;
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 ~~announce a change in the last sale price and/or failure to ascertain that such prices if~~ is ~~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. Pit-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.

The following non-binding schedule of fines ~~shall apply~~ may be used by Panels of the Floor Conduct Committee with respect to members or their employees found guilty by a pPanel of the Pit Committee of non-egregious trading infractions:

First offense	a letter of warning and/or a fine not to exceed \$2,500
Second offense within a rolling one-year period	a fine of at least \$1,000, but not to exceed \$5,000
Third offense within a rolling one-year period	a fine of at least \$2,500, but not to exceed \$10,000

514.C. Pit Supervision Committee Fining Authority

~~Members or their employees found guilty by a panel of the Pit Supervision Committee of committing trading infractions prohibited by Rule 514.A.6., 7., 8., or 9. which are of an egregious nature may be fined up to \$20,000 for such infractions.~~

514.D. Multiple Infractions

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 pPanel of the Floor Conduct Pit Supervision Committee for adjudication or to investigate and refer the matter to the Probable Cause Committee for review. Notwithstanding the above, the Market Regulation Department may, at any time, refer matters that it deems egregious to the Probable Cause Committee.

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, of whom at least one is engaged in floor brokerage activity:
 - a. Clearing Member "For Profit" Association: A clearing member and its salaried or commissioned member employees engaged in floor brokerage activity;
 - b. Non-Clearing "For Profit" Employer/Employee Association: An employer and each employee engaged in floor brokerage activity;
 - c. Other Non-Clearing "For Profit" Association: Other non-clearing members who share and/or allocate fees, revenues, expenses, profits or losses arising out of floor brokerage activity.

For the purposes of d. and e. below, Independent Broker Affiliations are defined as two or more members (of whom at least one is engaged in floor brokerage activity) who regularly share a deck (customer orders) and/ or employee salary expenses. Additionally, two or more members who share the profits and/or losses resulting from order execution errors caused by a member or non-member clerk, but who do not share and/or allocate other fees, revenues, expenses, profits or losses arising out of floor brokerage activity, shall be deemed Independent Broker Affiliations for purposes of registration under this rule.

- d. Small Independent Broker Affiliation: A group of two to four members meeting the criteria in the definition above;
- e. Large Independent Broker Affiliation: A group of five or more members meeting the criteria in the definition above.
- f. Trading Group Associations: An association of at least one member engaged in floor brokerage activity and any other member(s) sharing, directly or indirectly, revenue resulting from trading their own account(s).

Additionally, a Trading Group Association shall be deemed a member of and subject to the intra-association trading restrictions (set forth in Section E) of each broker association to which a member of that Trading Group Association belongs;

- g. Any other group or combination deemed by the Board of Directors to be a broker association.
3. "For Profit" Broker Association—Broker associations defined by A.2.a., A.2.b. and A.2.c. above shall be considered "For Profit" Associations. A "For Profit" Association registered pursuant to A.2.b. and A.2.c. must designate a principal to represent the association in connection with its registration obligations set forth in Section B.
4. Principal of a "For Profit" Broker Association—Each individual who has (i) formal and/or de facto control over the affairs of a "For Profit" Association; or, (ii) a ten percent or more ownership interest in a "For Profit" Association. Each principal must own an IOM, IMM, or CME membership. Each principal assumes the registration, supervision and financial responsibilities set forth in Sections B., C., and D.
5. Spokesperson of an Independent Broker Affiliation, Trading Group or Clearing Member Association - -An individual authorized to represent an Independent Broker Affiliation, Trading Group or Clearing Member Association in connection with its registration obligations set forth in Section B.
6. Investor - An individual who has a direct beneficial interest in a "For Profit" Broker Association but is not a principal as defined in A.4. above.
7. Associate of a Broker Association - Any Exchange member who is employed by or engaged in floor brokerage activity on behalf of a "For Profit" Broker Association and who is not a principal or investor of such broker association or any Exchange member who is engaged in floor brokerage activity on behalf of an Independent Broker Affiliation and who is not a spokesperson of such broker association.

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 ~~Shareholder Relations and Membership Services~~ Market Regulation Department and shall include the following information:
 - a. Name of broker association;

- b. Classification of each broker association member as a principal, spokesperson, associate, or investor;
 - c. Names and account numbers of all principals, spokespersons, associates, and investors in the association;
 - d. Identification, by account number, of each Trading Group Association in which a principal, spokesperson or associate of the broker association has a financial interest;
 - e. Legal form of association;
 - f. Category registered under pursuant to Section A.2. above;
 - g. Name of the principal or spokesperson authorized to represent the association in connection with its registration obligations.
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 ~~Shareholder Relations and Membership Services~~ 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. Supervision

Each principal must supervise his associates and employees diligently to prevent unsound business practices and to ensure compliance with ~~upheld~~ all Exchange rules.

Any principal of a "For Profit" Broker Association, who directly or indirectly controls any person who has violated any rule of the Exchange in connection with his duties or responsibilities to the association may be held liable for such violation to the same extent as such controlled person. Regardless of whether the principal was held responsible for the act or acts constituting the violation, each principal of a "For Profit" broker association is jointly liable for the payment of any fines assessed against another principal, associate or employee of the association provided the violation occurred while that person was acting or performing his duties on behalf of the association.

515.D. Financial Responsibility

Each principal of a "For Profit" Broker Association, jointly agrees to guarantee and assume complete financial responsibility for all trades executed by members of his association, including errors, out-trades or omissions in connection with that member's duties or responsibilities to the association.

515.E. Intra-Association Trading

~~The Chairman and Vice Chairman of the Board and the Chief Executive Officer and President and Chief Operating Officer jointly shall jointly establish limits on the percentage of personal trading during Regular Trading Hours between that~~ a member of a broker association may trade opposite and other members of broker associations with which he is affiliated.

~~The Chairman and Vice Chairman of the Board and the Chief Executive Officer and President and Chief Operating Officer jointly shall 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. Such limits shall apply to trading during Regular Trading Hours.~~

A member of a "For Profit" Broker Association may not trade for his personal account with other members of the same broker association executing orders in markets to which the percentage trading restrictions apply.

Additionally, different "For Profit" Broker Associations, which are linked by having one or more principals in common across all of the linked associations ("calculation group"), shall be deemed a single association for the purpose of this section.

~~The limits established by the Chairman, Chief Executive Officer and President and Chief Operating Officer jointly shall take account of liquidity of and such other conditions, from contract to contract, and any other conditions determined to be relevant will be considered when determining to impose the trading restrictions set forth above shall only apply to the most active month or months of any contract. 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~~ Exchange staff may grant exceptions to the intra-association 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. ~~Fine Schedules & Violations~~ Broker Association Enforcement Program

Percentage Restrictions on Personal Trading and the Execution of Orders

~~Violations of the percentage restrictions on personal trading and the execution of orders in contracts subject to the trading restrictions in Section E. shall be subject to automatic sanctions in accordance with the following schedule:~~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:

First offense	Warning letter
Second occurrence offense within 24 months	\$1,000
Third occurrence offense within 24 months	\$5,000
Any Ssubsequent occurrence(s) ffense within 24 months	\$10,000

"For Profit" Broker Association Personal Trading Ban

~~Violations by a member of a "For Profit" Broker Association trading for his personal account opposite another member of the same association or calculation group executing an order in contracts subject to the trading restrictions in Section E. shall be subject to automatic sanctions in accordance with the following schedule:~~A letter of warning shall be issued for a first occurrence by a member of a "For Profit" Broker Association trading for his personal account with other members of the same broker association executing 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:

First offense	Warning letter
Second occurrence offense within 24 months	\$500
Third occurrence offense within 24 months	\$1,000
Any Ssubsequent occurrence(s) ffense within 24 months	\$5,000

~~Letters of warning and fines~~Sanctions 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 notice of violation 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 fine schedules,~~ the Market Regulation Department may, at any time, refer matters that it deems egregious to the Probable Cause Committee ~~for review.~~

~~Violation of this rule may be a major offense.~~

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]

TRADING PRACTICES

520. TRADING CONFINED TO EXCHANGE FACILITIES

All trading in Exchange products must occur on or through Exchange facilities and in accordance with Exchange rules. ~~Violation of this rule may be a major offense.~~

521. PIT TRADING

Bidding and offering practices must at all times be conducive to the competitive execution of transactions. All pit transactions, including spread and combination transactions, shall be made openly and competitively by open outcry in the established pit designated for the trading of that particular transaction.

A. A bid may be made only when it is the best bid available in the pit. A bid is made by stating the price ~~followed by the first~~ and quantity next ~~(such as "38.50 on 2,")~~ and by holding a hand outstretched with the palm facing towards the member bidder indicating the quantity ~~by the number of fingers shown.~~

An offer may be made only when it is the best available offer in the pit. An offer is made by stating the quantity followed by the first and price next ~~(such as "2 at 38.50")~~ and by holding a hand outstretched with the palm facing away from the member offering or indicating quantity ~~by the number of fingers shown.~~ ~~When offering or bidding on a quantity of more than five, it shall be sufficient to use one hand. It is improper to make a bid or an offer without indicating a quantity.~~

A member who seeks to accept the prevailing bid or offer of another member in the pit shall openly convey his response to such bid or offer and shall indicate the quantity he desires to buy or sell. When a trader desires to buy the going offer in the pit, he shall by outcry state "buy it" or "buy them" or "buy" followed by the quantity desired. When selling, the trader shall similarly, by outcry, state "sell it" or "sell them" or "sell" followed by the quantity desired.

B. All-Or-None Transactions: ~~The Exchange Board, a committee appointed by the Board, or Exchange staff shall, from time to time, 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 ~~designated by the Board.~~ Such request shall be made in the pit designated for the trading of the particular transaction ~~appropriate trading area.~~
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 only be accepted for the total amount bid or offered 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.

C. Confirmation of Trades: 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 in order to enable both parties to comply with trading card and order pick-up requirements and within the area where the trade was made.

522. BOARD TRADING

When Exchange products are board-traded, all bids and offers shall be posted in price and time priority as determined by the designated Exchange official. It shall be the duty of members who have posted

bids or offers on the board to verify the accuracy of the recorded bid or offer. Withdrawal of a posted bid or offer shall be complete when the request for withdrawal is acknowledged by the designated Exchange official.

To purchase a posted offer or sell a posted bid, the member must notify and be acknowledged by the designated Exchange official. In the event that two or more members attempt to buy the same offer or sell the same bid, the designated Exchange official shall determine who was first and, as such, is entitled to the trade.

It shall be the duty of each trader who executes a trade on the board to notify the opposite trader of the trade and to identify his respective clearing member within a reasonable time.

523. ACCEPTANCE OF BIDS AND OFFERS

In ~~pit trading, board trading, and~~ electronic trading, any bid or offer may be withdrawn at any time before acceptance, but while outstanding all or any part of any bid or offer is subject to immediate acceptance by any trader. No bid or offer shall be specified for acceptance by a particular trader. The price at which an ~~order trade~~ is executed shall be binding, unless such trade is cancelled by Exchange officials in accordance with Exchange rules.

~~Violation of this rule may be a major offense.~~

524.-525. ~~[RESERVED]~~ 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 511 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.

525. ~~[RESERVED]~~

526. BLOCK TRADES

~~Notwithstanding Rule 520, the Board or a committee appointed by the Board~~ The Exchange shall, from time to time, designate the products in which block trades shall be permitted and determine the minimum quantity thresholds for, and the Exchange products in which, block trades (privately negotiated transactions) shall be permitted such transactions. The following shall govern block trades:

- A. A block trade must be for a quantity that is at or in excess of the applicable minimum threshold. Orders may not be aggregated in order to achieve the minimum transaction size, except by those entities described in Sections I. and J.
- B. Each party to a block trade must be an Eligible Contract Participant as that term is defined in Section 1a(12) of the Commodity Exchange Act.
- C. A member shall not execute any order by means of a block trade for a customer unless such customer has specified that the order be executed as a block trade.
- D. The price at which a block trade is executed must be fair and reasonable in light of (i) the size of the block trade, (ii) the prices and sizes of other transactions in the same contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including without limitation the underlying cash ~~market or related~~ and futures markets, at the relevant time, and (iv) the circumstances of the markets or the parties to the block trade.
- E. Block trades shall not set off conditional orders (e.g., Stop Orders and MIT Orders) or otherwise affect orders in the regular market.
- F. The seller must ensure that each block trade is reported to the Exchange within five minutes of the time of execution; except that block trades in Eurodollar, Housing and Weather futures and options must be reported within fifteen minutes of the time of execution. The report must include the contract, contract month, price, quantity of the transaction, the respective clearing members, the time of execution, and, for options, strike price, put or call and expiration month. The Exchange shall promptly publish such information separately from the reports of transactions in the regular market.

- G. Clearing members must report block trades to the Exchange Clearing House in accordance with the Clearing House Manual of Operations.
- H. Clearing members and members involved in the execution of block trades must maintain a record of the transaction in accordance with Rule 536.
- I. A commodity trading advisor ("CTA") registered or exempt from registration under the Act, including, without limitation, any investment advisor registered or exempt from registration under the Investment Advisors Act of 1940, shall be the applicable entity for purposes of Sections A., B., C., and D., provided such advisors have total assets under management exceeding \$25 million and the block trade is suitable for the customers of such advisors.
- J. A foreign Person performing a similar role or function to a CTA or investment advisor as described in Section I, and subject as such to foreign regulation, shall be the applicable entity for purposes of Sections A., B., C., and D., provided such Persons have total assets under management exceeding \$25 million and the block trade is suitable for the customers of such Persons.

527.

OUT-TRADES, RESOLUTION POLICY ERRORS AND MISHANDLING OF ORDERS (THE CME WILL ADOPT THE CHANGES TO THIS RULE NO LATER THAN THE COMPLETION OF TRADING FLOOR CONSOLIDATION, EXCEPT THAT THE LAST TWO SENTENCES WILL BE DELETED IMMEDIATELY)

527.A. Out-Trades Discovered During a Regular Trading Hours Trading Session

It shall be the duty of the trader a member discovering an out-trade during the Regular Trading Hours session (whether through checking of sales panels or otherwise) to immediately notify the opposite trader. Thereafter, if the matter cannot be resolved between them parties, they shall immediately establish the loss determine who will cover the trade and the trade shall immediately be covered.

527.B. Out-Trades Discovered After a Regular Trading Hours Trading Session

A clearing member that is unable with diligent effort to resolve an outrade 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 outrade.

Whenever possible, eOut-trades created during, but discovered after a Regular Trading Hours session shall be resolved between the parties to the out-trade as provided in this rule, prior to no later than the opening of trading of the next Regular Trading Hours session. If the out-trade may result in a loss, the parties shall attempt to agree upon: (1) apportionment of responsibility between them; (2) the method for establishing the loss (i.e., at the opening of the next Regular Trading Hours session, or via Globex, SIMEX, an EFP, EFR or EBF transaction under Rule 538) or a block trade under Rule 526; and (3) which one of them will establish the loss. In the event the parties are unable to agree on the apportionment of or method for establishing the loss, the parties must nevertheless agree on which one of them will establish the loss.

In the absence of an agreement on the method for establishing the loss, the opening range of the next Regular Trading Hours session shall fix the limit of liability as a result of the out-trade. Regardless of the ultimate determination of responsibility for the loss, a party who unreasonably refuses to use Globex, SIMEX, EFP, EFR, EBF or block transaction to establish the loss may be liable to the other party for the difference between the price at which the loss could have been established at the time the parties were unable to agree on using an alternate market, and the opening range.

527.C. Out-Trades Resolution Between Members Trading for Their Own Account or for House Accounts Over Which They Exercise Discretion

An out-trade between two members trading for their own account or for house accounts over which they exercise discretion may be resolved by breaking the trade or by clearing the trade using either party's trade data. To resolve an outrade, 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 outrade. In the event the parties are unable to agree on the apportionment of the financial results, the parties must nevertheless immediately reconcile the outrade.

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 outrade. Regardless of the ultimate determination of financial responsibility for the outrade, a party who unreasonably refuses to cover the outrade via an appropriate alternate market may be liable to the other party for the difference between the price at which the outrade 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 outtrade 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 outtrade 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 outtrade 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 outtrade between locals or an outtrade 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 outtrade 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 outtrade 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 outtrade 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 outtrade 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 outtrade 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 outtrade 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 outtrade to Exchange arbitration if the outtrade cannot be resolved by agreement.

527.D. Errors and Mishandling of Orders

If a broker overbuys or oversells for an order, the customer is not entitled to any of the quantity executed in excess of the order quantity. A position that has been established as a result of an erroneous execution or mishandling of an order must be placed in the error account of the broker or firm responsible for the error or order mishandling. Any profits resulting from the liquidation of trades placed in a broker's or firm's error account belong to the relevant broker or firm, and any such profits may be retained or disbursed at the broker's or firm's discretion.

1. Unfilled or Underfilled Orders

If a broker fails to execute an order or underbuys or undersells for an order, the broker shall do one of the following:

- a. Execute the order or the remainder of the order in the market and adjust the customer by check if the customer is filled at a price less favorable than that to which he was entitled due to the broker's error or mishandling of the order. If the order is filled at a more favorable price, the customer is entitled to the better price.
- b. Execute the order or the remainder of the order in the market. If the order, or the remainder of the order, is filled at a worse price than that to which the customer was entitled but for the error or mishandling, the broker may allocate the fill to his error account, pursuant to Section C.1. above, provide the customer a fill at the price to which the customer was entitled, and place the opposite side of the customer fill into his error account. If the order is filled at a more favorable price, the customer is entitled to the better price.

2. Wrong Contract Month, Wrong Strike, or Wrong Commodity Executions

When an order has been executed in the wrong contract month, wrong strike price, or wrong commodity, and the erroneous transaction has been placed in the relevant broker's or firm's error account, the error may be corrected by one of the following:

- a. Execution of the order in accordance with its terms, with an adjustment to the customer by check if the order is executed at a worse price as a result of the error or mishandling of the order.
- b. Execution of a spread or combination transaction to execute the order and liquidate the position arising from the initial erroneous execution of the order, whereby one leg of the spread or combination transaction represents the correct execution of the order and the other leg offsets the erroneous position in the broker's or firm's error account. The broker or firm must clearly identify such transactions by appropriate designation, clearly document in writing the circumstances surrounding the nature of the error and promptly provide such documentation to the Market Regulation Department upon request.

3. Wrong Side of Market Executions

When an order has been executed on the wrong side of the market and the erroneous execution has been placed in the relevant broker's or firm's error account, the order shall be executed in accordance with its terms, with an adjustment to the customer by check if the order is executed at a worse price as a result of the error or mishandling of the order.

527.D. Out-Trades Involving Customer Orders

1. Out-Trade Resolution

An out-trade involving an order may be resolved by agreement of the parties to break the trade or to clear the trade using either party's trade data. The foregoing does not relieve the broker of responsibility for the proper execution of the order.

2. Uncleared Customer Transactions

a. Discovered Less Than Ten Minutes After Execution or During the Same Bracket Period

If a floor broker discovers that all or some portion of a transaction that has been confirmed to a customer cannot be cleared, the broker shall do one of the following:

- i. Re-execute the order in the market and adjust the customer to the confirmed price if the re-execution price is worse; or
- ii. Assign the opposite side of the portion that cannot be cleared to his error account and assign a fill to the customer at the confirmed price. The floor broker shall not liquidate the assigned position until at least ten minutes have elapsed after execution of the order giving rise to the out-trade and the bracket period in which the out-trade arose has ended.

b. Discovered More Than Ten Minutes After Execution

If a floor broker discovers that all or some portion of a transaction that has been confirmed to a

~~customer cannot be cleared and ten minutes or more have elapsed since such transaction and the bracket period in which the execution of the order giving rise to the out-trade has ended, the opposite side of the portion that cannot be cleared shall be assigned to the floor broker's error account, and the customer shall be assigned a fill at the confirmed price. The floor broker may then liquidate the assigned position.~~

~~e. Discovered Less Than Ten Minutes Before the Close of Trading~~

~~Notwithstanding the above, if a floor broker discovers that all or some portion of a transaction that has been confirmed to a customer cannot be cleared and the execution time is ten minutes or less before the close of Regular Trading Hours, the floor broker shall do one of the following:~~

- ~~i. Re-execute the order in the market (either in Regular Trading Hours or the post-settlement session) and adjust the customer to the confirmed price if the re-execution price is worse; or~~
- ~~ii. Assigned the opposite side of the portion that cannot be cleared to his error account and assign a fill to the customer at the confirmed price. Except for a liquidation during a post-settlement session, the floor broker shall not liquidate the assigned position until at least ten minutes have elapsed after execution of the order giving rise to the out-trade.~~

~~527.E. Assignment Procedures~~

~~1. Clearing Member Representing Customer Order~~

~~With respect to any portion of a customer transaction that cannot be cleared, if the executing floor broker does not provide the clearing member representing the customer order with the trade information necessary to clear the trade, assignment of the opposite side of this portion shall occur and the clearing member shall submit the trade for the next reconciliation process following notification that the trade cannot be cleared, showing the floor broker and his or her qualifying clearing member as the opposite broker and opposite house, respectively.~~

~~2. Executing Floor Broker~~

~~A floor broker assigned the opposite side of a trade shall:~~

- ~~a. Clearly identify all such transactions by appropriate designation;~~
- ~~b. Submit such trade information to his qualifying clearing member necessary to enable the clearing member to submit the trade for the next intra-day reconciliation;~~
- ~~c. Identify all error accounts used for this purpose to the Market Regulation Department;~~
- ~~d. Obtain from a representative of the clearing member official acknowledgment of the assignment of the trade, evidenced by the representative's signature on the trading card used to record the assigned trade;~~
- ~~e. Document the circumstances surrounding any such error account transaction, including written documentation of the notice required in Subsection d. above, and promptly provide such documentation to the Exchange upon request;~~
- ~~f. Identify the subsequent liquidation of an assigned trade on the floor broker's trading card or other document; and~~
- ~~g. In the case of an intra-day out-trade, complete an Out-Trade Resolution Form, which shall be provided to an Exchange official within a reasonable time of the assignment, but in no circumstances later than the day of assignment. The Exchange official shall distribute copies of this form to the clearing member representing the customer order, the floor broker's qualifying firm, and the recorded opposite broker, if any, to the original trade. Providing the form to the opposite broker does not relieve the floor broker of any responsibility to confirm the opposite side of the transaction.~~

~~3. Qualifying Clearing Member~~

~~A clearing member which qualifies a floor broker, who has been assigned the opposite side of an out-trade, but who has failed to submit such trade information necessary to clear the trade, shall submit such trade information to the Clearing House on behalf of the floor broker for or prior to the final reconciliation process.~~

~~Violations of this rule for the purpose of taking advantage of customer orders shall be a major offense. Other violations of this rule may be a major offense.~~

528. CHANGE IN LAST SALE PRICE REPORTING

~~The buyer and seller in Parties to a pit transaction shall properly notify must report immediately to the~~

~~designated Exchange official of the any change in the last sales price at which trades have been consummated or last quotation. Both parties to a pit trade. The buyer and seller are required to ensure that such price change in quotation is properly posted. In order to effectuate such a price change, at least three members qualified to trade shall be present in the pit.~~

~~Whenever a member makes a trade with another member and such trade which 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. For this third alternative, both sides must agree to the adjusted price, which must satisfy the terms of any order(s) involved in the trade. Enforcement of this rule shall be the responsibility of the Pit Committee. Frequent participation in trades that involve price infractions may be a major offense.~~

529. WITHHOLDING ORDERS PROHIBITED

A Member (as defined in Rule 400), or any person entering orders on the Globex platform, shall not withhold or withdraw from the market any order, or any part of an order, for the benefit of any person other than the person placing the order. ~~Violation of this rule may be a major offense.~~

530. PRIORITY OF CUSTOMERS' ORDERS

~~A member shall not trade buy a futures contract, buy a call option or sell a put option for his own account, or for 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 any executable order to buy a futures contract, buy a call option or sell a put option for another person.~~

~~A member shall not sell a futures contract, sell a call option or buy a put option for his own account or for an account in which he has a direct or indirect financial interest, when he is in possession of any executable order to sell a futures contract, sell a call option or buy a put option for another.~~

~~A member shall not trade with discretion or execute a discretionary order, including, without limitation, an order allowing the member discretion as to time and price when he is in possession of any executable customer order on the same side of the market.~~

~~A member may trade for his own account without violating this rule while holding a DRT order 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. In the case of a floor broker holding an discretionary order open as to time and price for an account described in Rule 547, the "WP" designation on such order shall constitute sufficient evidence of prior written consent.~~

~~No person shall enter an order into the Globex platform 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, including, without limitation, an order allowing discretion as to time and price, when such person is in possession of any order for another person that the Globex platform is capable of accepting except as provided in Rule 539.C.~~

~~Violation of this rule shall be a major offense.~~

531. TRADING AGAINST CUSTOMERS' ORDERS PROHIBITED

531.A. General Prohibition

~~No~~A person in possession of a customer order shall ~~not knowingly enter into a transaction for that order take, directly or indirectly, the opposite side of such order for his own account, an account in himself or any other person with whom, or entity in which, the person 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 transactions:

1. Transactions executed in accordance with Rule 527 to resolve bona fide out-trades or errors;
2. Transactions executed pursuant to Rule 538;
3. Block trades executed pursuant to Rule 526; or
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 orders or for a minimum of 15 seconds in the case of options orders; and

45. Transactions where the customer has consented in writing no more than 12 months prior to the transaction to waive the application of Rule 531.A. Such transactions shall further be subject to the following requirements: (i) if the transaction was pit- or board-traded, the member complies with the requirements set forth in Rule 533 shall have first bid and offered, for a reasonable time, by open outcry; (ii) if the transaction was board-traded, the member shall have first posted the bid and offer for a reasonable period of time and shall not trade against the customer unless he accepts all equal or higher bids or all equal or lower offers, whichever the case may be; (iii) if the transaction was executed on Globex, such transaction shall conform to the requirements of Rule 530.C; (iv) the member shall clearly identify, by appropriate descriptive words, all such transactions, including the time of execution, on his trading card or other record made at the time of the execution; and (viii) if the transaction was pit-traded or board-traded, the member shall present the record of the transaction to an Exchange official for verification and initialing. A record of each such transaction shall be made by the Exchange official on completes a form which shall show the commodity, date, product traded, floor broker, price, quantity, expiration month and floor broker, and for options, strike price, put or call and expiration month and time of execution. Such form shall be presented to an Exchange official and made a matter of permanent record by the Exchange.

~~Violation of this rule shall be a major offense.~~

532. DISCLOSING ORDERS PROHIBITED

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.

~~Violation of this rule may be a major offense.~~

533. SIMULTANEOUS BUY AND SELL ORDERS FOR DIFFERENT BENEFICIAL OWNERS EXECUTED BY ONE MEMBER

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:

1. 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.
2. In board trading, a member executing such orders shall first post such bid (offer) on the board and prior to selling (buying) opposite the buy (sell) order shall satisfy any equal or higher bids (equal or lower offers) and then post such remaining offers (bids) on the board for a reasonable time prior to crossing the orders. Such transactions must be done 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, ~~shall note thereon the exact time of execution and shall present such record to the designated Exchange official for verification and initialing.~~ Each such transaction shall be entered by the designated Exchange official on a cross-trade form which shall show the product, date, price, quantity, expiration month, broker, and, for options, strike price and put or call. The member executing such trade shall complete a form which shows the date, product traded, floor broker, price, quantity, and time of execution. Such form shall be presented to an Exchange official and made a matter of permanent record by the Exchange. Failure to accurately complete the required form 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.

~~Violation of this rule may be a major offense.~~

534.

SIMULTANEOUS BUY AND SELL ORDERS FOR THE SAME BENEFICIAL OWNER WASH SALES PROHIBITED

No person shall accept from, or place for, the same beneficial owner simultaneous buy and sell orders for the same product and expiration month, and, for a put or call option, the same strike price, at or about the same time with the intent to avoid a bona fide market position exposed to market risk (transactions commonly known or referred to as wash sales). Buy and sell orders placed for the same beneficial owner in the same product and expiration month, and, for a put or call option, the same strike price, must be entered in good faith for the purpose of executing bona fide transactions that result in a change of ownership. Additionally, no person shall accept, execute or accommodate the execution of orders which are prohibited by this rule with knowledge of their character. Violation of this rule shall be a major offense.

535.

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 out-trades 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 out-trade in the manner it deems appropriate, but such resolution shall not be determinative of the liability of any party to the out-trade.

A floor trader or floor broker who fails to comply with this rule may be assessed a fine of \$1,000 for the first violation, \$2,000 for a second violation within 30 days of the first violation and \$3,000 for a third and each subsequent violation within 30 days of the first violation. Fines imposed pursuant to this schedule are final and may not be appealed.

536.

RECORDKEEPING REQUIREMENTS FOR PIT, GLOBEX, AND NEGOTIATED TRADES

536.A. Member Open Outcry Pit Trades

1. General Requirements

- a. ~~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 broker, 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.~~
- b. ~~Members must designate on the trading document used to record a trade whether such trade is a "type 6" spread trade. The designation must be recorded such that the "type 6" is clear to data entry personnel.~~
- c. ~~All trades must be recorded with non-erasable ink.~~
- d. ~~Trades made by a member for an account he owns or controls must be recorded on single-sided trading cards on which the member's trading symbol and the sequence number of the card are pre-printed. Trading cards must be used in sequence, and trades must be recorded in the order in which they occurred. A member may not use the same sequence number within a calendar week. A member may not skip lines in recording his trades and must line out any unused lines on his trading cards.~~
- e. ~~A member may correct any errors by crossing out erroneous trade information without obliterating or otherwise making illegible any of the originally recorded information. With regard to trading cards only, a member may correct erroneous information by rewriting the trading cards. The member must ensure that original cards are retained.~~
- f. ~~The maximum number of trades that may be recorded on a trading card shall be six. In addition, every member shall use a new trading card at the start of each time bracket.~~
- g. ~~A member's executed cards shall be submitted to his clearing member and timestamped every 15 minutes in accordance with the card and order pick-up schedule below.~~

For Eurodollar and Currency Trades Executed During:	Collection and Timestamp No Later Than:
7:10:00 a.m. – 7:59:59 a.m.	8:15 a.m.
For Other Trades Executed During:	Collection and Timestamp No Later Than:
7:10:00 a.m. – 7:29:59 a.m.	7:45 a.m.
7:30:00 a.m. – 7:59:59 a.m.	8:15 a.m.
For All Trades Executed During:	Collection and Timestamp No Later Than:
8:00:00 a.m. – 8:29:59 a.m.	8:45 a.m.
8:30:00 a.m. – 8:59:59 a.m.	9:15 a.m.
9:00:00 a.m. – 9:29:59 a.m.	9:45 a.m.
9:30:00 a.m. – 9:59:59 a.m.	10:15 a.m.
10:00:00 a.m. – 10:29:59 a.m.	10:45 a.m.
10:30:00 a.m. – 10:59:59 a.m.	11:15 a.m.
11:00:00 a.m. – 11:29:59 a.m.	11:45 a.m.
11:30:00 a.m. – 11:59:59 a.m.	12:15 p.m.
12:00:00 p.m. – 12:29:59 p.m.	12:45 p.m.
12:30:00 p.m. – 12:59:59 p.m.	1:15 p.m.
1:00:00 p.m. – 1:29:59 p.m.	1:45 p.m.
1:30:00 p.m. – 1:59:59 p.m.	2:15 p.m.
2:00:00 p.m. – 2:29:59 p.m.	2:45 p.m.
2:30:00 p.m. – 3:15:00 p.m.	3:30 p.m.

The above schedule applies only to completed orders. 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 clearing member (or, in the case of verbal orders placed by a member on the trading floor, to the member placing the order) until i) the entire order has been filled; ii) the unexecuted portion of the order is cancelled; or iii) the market has closed for that contract.

h. Trading cards used to record the execution of flashed 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.

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

Time Intervals	Bracket Code
Unknown to data entry operator	?
Opening range for each contract	\$
Closing range for each contract	%
Post Settlement 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
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

- ~~j. Out Trade/Error Resolution and the Use of Pre-Sequenced Cards~~
 - ~~i. Trades Placed into a Member's Account~~
 - ~~(a). When a member or clearing member discovers an out-trade or error which necessitates the taking of a trade into a broker's error account, the broker shall record the trade data on his next pre-printed, sequentially numbered trading card. If he is unsure of the sequence of the trade with respect to other trades for his personal account, he should cross out the pre-printed number and write "9999" on the card.~~
 - ~~(b). In any situation where someone other than the member is resolving his out-trades, the out-trade 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 out-trade for a member must initial the card.~~
 - ~~ii. Error Trades Placed into a Clearing Member's Account~~
 - ~~Error trades placed into a clearing member's account can be recorded on a trading card which is not pre-printed and sequentially numbered or an order ticket. In either case, the clearing member must ensure that "9999" is written on the document used to record the trade.~~
 - ~~k. 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.~~
- ~~2. Member Executing Orders Received from Another Member on the Trading Floor~~
 - ~~a. Whenever a member receives a verbal order from another member present on the trading floor, the member executing the order must record the time of execution to the nearest minute on a trading card for each execution made for the order. The member executing the order must return the card to the member initiating the order in sufficient time to comply with the card and order pick-up schedule in Section A.1.g.~~
 - ~~b. A member placing a verbal order, except for orders involving options futures combination and other spread trades, shall simultaneously make a written record of the order on his pre-sequenced trading card in sequence with his other trading cards and record the time of placement to the nearest minute. The trading card used to record the placement of the verbal order and the trading card used to record the execution of the order must be submitted together to the clearing member by the member placing the order in accordance with the card and order pick-up schedule in Section A.1.g.~~
 - ~~c. Every written order that is initiated by a member for his own account while on the trading floor must be dated and timestamped upon transmission for execution and when returned or, in the case of a flashed transaction, when confirmed or cancelled.~~
 - ~~d. When a member on the trading floor gives a verbal or hand signaled order to another member who then enters the order into Globex or relays the order to a Globex terminal operator, the initiating member is not required to create a record of the order on a sequenced trading card as is required for a pit trade as long as the Globex terminal operator enters the order immediately. However, if the order is not entered into Globex immediately, a written and timestamped order ticket must be created by the Globex terminal operator.~~
- ~~3. Member Executing Orders Received from Another Member Off the Trading Floor~~

~~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 or from an authorized representative of an Exchange clearing member, 106.H. or 106.I. firm for the account of such firm must simultaneously make a written record of the order on a trading card including the identification of the member calling in the order. The member executing the order must record the trade and the time of execution to the nearest minute on the card, and must then deliver the card to the initiating member's clearing member in sufficient time to comply with the card and order pick-up schedule in Section A.1.g.~~

~~All other orders received from members off the trading floor must be recorded pursuant to Section A.6.~~
- ~~4. Clearing Members~~
 - ~~a. Clearing members submitting handwritten orders to floor brokers for execution must provide the broker with a carbonless ("pressure sensitive") duplicate of the order which he may retain as a record of the filled order.~~
 - ~~b. At the beginning of each trading day, each clearing member must ensure that each time clock~~

used on the trading floor by that clearing member is synchronized with the time displayed by the master clock on the trading floor.

- c. ~~Clearing members are required to collect and timestamp trading cards and orders in accordance with the schedule in Section A.1.g. above. Such records as well as all orders (whether filled, unfilled or cancelled) shall be retained by each clearing member for at least five years. This includes the document on which a floor broker records a trade for a flashed transaction.~~
- d. ~~Clearing members are required to keypunch the flashed order indicator "F" in the Broker Receipt Source Code field on the trade submission for those orders which are handsignalled into the pit.~~
- e. ~~Clearing members are required to accurately record the order type indicator on all floor orders and to keypunch the order type indicator on the trade submission.~~

5. ~~Clearing Member Proprietary (House) Trades~~

a. ~~Trades Executed by Member Initiating the Order~~

~~At the time of execution, every trade for a clearing member proprietary account executed by the member initiating the order must be recorded by that member on a single-sided trading card on which the member's trading symbol and the sequence number of the card are pre-printed. Trading cards must be used in sequence, and trades must be recorded in the order in which they occurred. A member may not use the same sequence number within a calendar week. A member may not skip lines in recording trades for clearing member proprietary accounts and must line out any unused lines on his trading cards.~~

b. ~~Other Trades~~

~~At the time of execution, every trade for a clearing member proprietary account not made in accordance with Section A.5.a. above or specifically exempted as described below, must be in writing and shall be dated and bear a timestamp indicating when the order was received on the trading floor (or, if initiated on the trading floor, upon transmission for execution) and when returned or, in the case of a flashed transaction, when confirmed or cancelled.~~

~~This provision shall not apply to any clearing member which is able to demonstrate to Exchange staff that the application of this provision would work a hardship on the clearing member's ability to conduct business. Upon such demonstration, the time that the clearing member shall record shall be the time of the reporting of an execution of the order or the time of the first reporting of a partial execution of the order.~~

6. ~~Customer Orders~~

- a. ~~At the time of execution, every order received from a customer must be in writing and, except as provided below, must readily identify the specific account(s) for whom the order was placed. Each such order shall be dated and timestamped when received and when returned or, in the case of a flashed transaction, when confirmed or cancelled. A customer's account number is not required at the time of execution for orders entered by eligible account managers for accounts eligible for post-trade allocation. Clearing members submitting physical order tickets to floor brokers for execution must provide the floor broker with a carbonless duplicate of the order which the floor broker may retain as a record of his execution.~~

- b. ~~Bunched orders must be allocated and recorded in accordance with CFTC Regulation 1.35(a-1)(5) and the NFA's Interpretive Notice related to Compliance Rule 2-10.~~

7. ~~Certain violations of Section A. shall be subject to sanctions in accordance with the Computerized Trade Reconstruction ("CTR") Enforcement Program and Sanction Schedule set forth in Section D. of this rule.~~

536.B. Globex Order Entry

1. ~~General Requirements~~

~~Each Globex terminal operator entering orders into Globex shall: a) sign onto the Globex system before entering orders by inputting the user ID assigned him by CME, a clearing member or other authorized entity and b) input for each order, the price, quantity, product, expiration month, CTI code and account number and, for options, put or call and strike price. The Globex terminal operator's user ID must be present on each order entered. For a Globex terminal operator with access pursuant to Rule 574, clearing members authorizing such access will be responsible for the Globex terminal operator's compliance with this rule.~~

~~With respect to orders received by a Globex terminal operator which are capable of being immediately entered into Globex, no record other than that set forth above need be made.~~

~~However, if a Globex terminal operator receives an order which cannot be immediately entered into Globex, the Globex terminal operator must prepare a written order and include the account designation, date, time of receipt and other information required pursuant to Section A.6.a. above. The order must be entered into Globex when it becomes executable.~~

~~— Specific account numbers are not required at the time of order entry for orders entered by eligible account managers for accounts eligible for post-trade allocation as set forth in Section 2. below.~~

~~— Such records shall be retained for a minimum of five years.~~

~~2. Bunched Globex Orders~~

~~— Bunched orders must be allocated and recorded in accordance with CFTC Regulation 1.35(a-1)(5) and the NFA's Interpretive Notice related to Compliance Rule 2-10.~~

~~— Bunched orders may be entered by using a series designation provided that a written, pre-determined allocation scheme that defines the series has been provided to the futures commission merchant accepting or clearing the order prior to the time that such order is entered. If such information has not been provided to the futures commission merchant prior to the time of order entry, each account number must be entered into Globex.~~

~~— Bunched orders for non-discretionary accounts may be entered through Globex only in the following instances:~~

~~a. The orders underlying the bunched order are either stop orders or stop/limit orders;~~

~~b. Each stop order or stop/limit order underlying the bunched order must be reduced to writing and include the information required pursuant to Section A.6.a. above;~~

~~c. Each order underlying the bunched order reflects the same stop price in instances of a stop order or the same stop price and limit price in instances of a stop/limit order;~~

~~d. Each terminal operator provides a bunched order indicator when entering a bunched order; and~~

~~e. Allocation of the executed bunched order is based only on time of receipt of the underlying orders.~~

~~— The Exchange shall make available to clearing members, at regular intervals, notifications that bunched orders have been executed through Globex. Each clearing member shall be responsible for providing to the Exchange the account allocations for bunched orders entered through its terminals and those terminals that it guarantees for others. Each clearing member that is required to provide account allocations to the Exchange must do so within the time limit specified by the Exchange.~~

~~3. Clearing Member Requirements for Electronic Order Routing/Management Systems~~

~~— Clearing members are responsible for maintaining or causing to be maintained an audit trail for electronic orders entered into the Globex platform through the CME iLink[®] gateway. This audit trail must be maintained for a minimum of 5 years, and clearing members must have the ability to display this data in a pre-approved format, which uses terminology and field names consistent with other CME systems and includes the following:~~

~~a. A record of all fields relating to order entry, including transaction date, product, Exchange code, expiration month, quantity, order type, order qualifier, price, buy/sell indicator, stop/trigger price, order number, unique transaction number, account number, user ID, clearing member, type of action, action status code, customer type indicator, origin, and timestamps. For executed orders the audit trail must record the execution time of the trade along with all fill information.~~

~~b. A record of any modification, including any change or cancellation that is made and indicates the time and nature of such modification.~~

~~c. A record of all CME and CFTC required order related times, including order entry and exit times, modification or cancel times, to the highest level of precision achievable by the operating system, but at least to the nearest second. The times captured must not use a clock that can be modified by the person entering the order.~~

~~d. A "relative key" which is an identifier that ties together all actions relating to a specific order.~~

~~e. A record of individual systems user's login and logout messages and a record of orders that were placed but rejected for any reason either by the order routing system or CME.~~

~~536.C. Negotiated Trades~~

~~All orders executed in accordance with Rules 526, 538, and 719, unless otherwise exempted by rule, are subject to the recordation requirements pursuant to Section A.6.a.~~

536.D. CTR Enforcement Program and Sanction Schedule

CTR Monthly Enforcement Program

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

<u>Exception Type</u>	<u>Threshold Level</u>
Bracket Exceptions	6% and above
Time of Execution (for verbal orders)	8% and above
Quote not found in Time and Sales	5 or more for futures 10 or more for options and back-month Eurodollar futures
Sequence Errors	8% and above

~~Violations of these thresholds shall be subject to automatic sanctions in accordance with the following schedule:~~

First offense	Warning letter
Second offense within 12 months	\$500
Third offense within 12 months	\$1,000
Any subsequent offense within 12 months	\$5,000

~~Sanctions issued pursuant to the schedule are final and may not be appealed, however members will have 15 days after receipt of a notice of violation to present evidence to the Market Regulation Department that administrative, clerical, or other errors caused the apparent rule violation.~~

~~The monthly CTR enforcement of timestamp exceptions for firms with 1,000 or more transactions per month is 7% and above. Violations of this threshold shall be subject to automatic sanctions in accordance with the following schedule:~~

First offense	Warning letter
Second offense within 12 months	\$1,500
Third offense within 12 months	\$5,000
Any subsequent offense within 12 months	\$10,000

~~Firms will have 15 days after receipt of a notice of violation to present evidence to the Market Regulation Department to have the violation dismissed. If the firm does not submit such evidence, or the Market Regulation Department determines that the evidence submitted is insufficient to reduce the percentage below the threshold level, the sanctions imposed pursuant to the schedule will be final and may not be appealed.~~

~~Notwithstanding these sanction schedules, the Market Regulation Department may, at any time, refer matters that it deems egregious to the Probable Cause Committee for review.~~

CTR Clearing Member Back Office Audit Enforcement Program

The Market Regulation Department will conduct audits of CME clearing members in order to verify the accurate recording and submitting of required audit trail information. The CTR audit threshold levels for the various firm deficiencies are as follows:

<u>Deficiency Type</u>	<u>Threshold Level</u>
Failure to pick up documents in accordance with CME schedule for:	
Sequence Cards	20%
Verbal Order Cards	20%
Floor Cards	40%
Failure to accurately submit and record Order Type Indicator	40%
Failure to accurately submit Flashed Order Indicator	40%

Percentage calculations will be made on the basis of an examination of a minimum of 50 sequenced cards, 50 verbal orders, or 50 floor orders, depending on the deficiency type. The total number of exceptions in each category will be divided by the total number of documents examined in that category in determining the deficiency percentage.

Violations of these thresholds shall be subject to automatic fines in accordance with the following schedule:

First offense	\$1,000
Second offense within 24 months	\$2,500
Third offense within 24 months	\$5,000
Any subsequent offense within 24 months	\$10,000

Firms will have 15 days after receipt of a notice of violation to present evidence to the Market Regulation Department to have the violation dismissed. If the firm does not submit such evidence, or the Market Regulation Department determines that the evidence submitted is insufficient to reduce the percentage below the threshold level, the sanctions imposed pursuant to the schedule will be final and may not be appealed.

Notwithstanding this sanction schedule, the Market Regulation Department may, at any time, refer matters that it deems egregious to the Probable Cause Committee for review.

536.E. Violations

Violation of this rule may be a major offense.

536.A. 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>
<u>Unknown to data entry operator</u>	<u>?</u>
<u>Opening range for each contract</u>	<u>\$</u>
<u>Closing range for each contract</u>	<u>%</u>
<u>Post Close Session</u>	<u>#</u>
<u>7:00:00 a.m. – 7:14:59 a.m.</u>	<u>A</u>
<u>7:15:00 a.m. – 7:29:59 a.m.</u>	<u>B</u>
<u>7:30:00 a.m. – 7:44:59 a.m.</u>	<u>C</u>
<u>7:45:00 a.m. – 7:59:59 a.m.</u>	<u>D</u>
<u>8:00:00 a.m. – 8:14:59 a.m.</u>	<u>E</u>
<u>8:15:00 a.m. – 8:29:59 a.m.</u>	<u>F</u>
<u>8:30:00 a.m. – 8:44:59 a.m.</u>	<u>G</u>
<u>8:45:00 a.m. – 8:59:59 a.m.</u>	<u>H</u>
<u>9:00:00 a.m. – 9:14:59 a.m.</u>	<u>I</u>
<u>9:15:00 a.m. – 9:29:59 a.m.</u>	<u>J</u>
<u>9:30:00 a.m. – 9:44:59 a.m.</u>	<u>K</u>
<u>9:45:00 a.m. – 9:59:59 a.m.</u>	<u>L</u>
<u>10:00:00 a.m. – 10:14:59 a.m.</u>	<u>M</u>
<u>10:15:00 a.m. – 10:29:59 a.m.</u>	<u>N</u>
<u>10:30:00 a.m. – 10:44:59 a.m.</u>	<u>O</u>
<u>10:45:00 a.m. – 10:59:59 a.m.</u>	<u>P</u>
<u>11:00:00 a.m. – 11:14:59 a.m.</u>	<u>Q</u>
<u>11:15:00 a.m. – 11:29:59 a.m.</u>	<u>R</u>
<u>11:30:00 a.m. – 11:44:59 a.m.</u>	<u>S</u>
<u>11:45:00 a.m. – 11:59:59 a.m.</u>	<u>T</u>
<u>12:00:00 p.m. – 12:14:59 p.m.</u>	<u>V</u>
<u>12:15:00 p.m. – 12:29:59 p.m.</u>	<u>W</u>
<u>12:30:00 p.m. – 12:44:59 p.m.</u>	<u>X</u>
<u>12:45:00 p.m. – 12:59:59 p.m.</u>	<u>Y</u>
<u>1:00:00 p.m. – 1:14:59 p.m.</u>	<u>Z</u>
<u>1:15:00 p.m. – 1:29:59 p.m.</u>	<u>2</u>
<u>1:30:00 p.m. – 1:44:59 p.m.</u>	<u>3</u>
<u>1:45:00 p.m. – 1:59:59 p.m.</u>	<u>4</u>
<u>2:00:00 p.m. – 2:14:59 p.m.</u>	<u>5</u>
<u>2:15:00 p.m. – 2:29:59 p.m.</u>	<u>6</u>
<u>2:30:00 p.m. – 2:44:59 p.m.</u>	<u>7</u>
<u>2:45:00 p.m. – 2:59:59 p.m.</u>	<u>8</u>
<u>3:00:00 p.m. – 3:15:00 p.m.</u>	<u>9</u>

Trades that are not recorded contemporaneously due to an error or an outrade 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 outrades, the outrade 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 outrade 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 returned, or, in the case of a flashed transaction, when 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 a flashed or verbal 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. 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 be dated and timestamped upon transmission for execution and when returned, or, in the case of a flashed transaction, when 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 be timestamped when the order is returned, or, in the case of a flashed transaction, when 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.

536.B. Globex Order Entry

Each Globex terminal operator entering orders into Globex shall: a) sign onto the Globex system before entering orders by inputting the user ID assigned him by CME, a clearing member or other authorized entity and b) input for each order the price, quantity, product, expiration month, CTI code and account number (except as provided in Section C.), and, for options, put or call and strike price. The Globex terminal operator's user ID must be present on each order entered. For a Globex terminal operator with access pursuant to Rule 574, clearing members authorizing such access will be responsible for the Globex terminal operator's compliance with this rule.

With respect to orders received by a Globex terminal operator which are capable of being immediately entered into Globex, no record other than that set forth above need be made. However, if a Globex terminal operator receives an order which cannot be immediately entered into Globex, the Globex terminal operator must prepare a written order and include the account designation, date, time of receipt and other information required pursuant to section A.1. above. The order must be entered into Globex when it becomes executable.

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(a-1)(5) and the NFA's Interpretative 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 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.

With respect to bunched Globex orders, such orders may be entered using a series designation or suspense account number provided that 1) the order is being placed by an account manager for multiple accounts eligible for post execution allocation or 2) a written, pre-determined allocation scheme that defines the series has been provided to the futures commission merchant accepting or clearing the order prior to the time that such order is entered. In the latter case, if such information has not been provided to the futures commission merchant prior to the time of order entry, each specific account number must be entered into Globex. Additionally, for all such bunched orders executed on Globex, the final account specific allocations must be submitted to the clearing system no later than the end of each trading day.

Bunched orders for non-discretionary accounts may be entered either for pit execution or through Globex; 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 Interpretative 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.

536.D. Customer Type Indicator (CTI) Codes

Each clearing member must identify each transaction executed on the trading floor or on the Globex platform on the record of transactions submitted to the Exchange with the correct customer type indicator (CTI) code. The CTI codes are as follows:

CTI 1: Electronic Trading and Open Outcry – 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 and Open Outcry – Applies to orders entered or trades executed for the proprietary accounts of a member firm, including Rule 106.H, I, N, 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 – 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 and Open Outcry – 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.

536.E. Negotiated Trades

All orders executed in accordance with Rules 526, 537 and 538, unless otherwise exempted by rule, are subject to the recordation requirements pursuant to Section A.1.

536.F. CTR Enforcement Program and Sanction Schedule

CTR Monthly Enforcement Program

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

<u>Exception Type</u>	<u>Threshold Level</u>
<u>Bracket Exceptions</u>	<u>8% and above</u>
<u>Time of Execution for</u>	
<u>Verbal Orders</u>	<u>8% and above</u>
<u>Sequence Errors</u>	<u>8% and above</u>
<u>Quotes not found in</u>	<u>5 or more for futures</u>
<u>Time and Sales</u>	<u>10 or more for options and back-month Eurodollar futures</u>

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 in accordance with the following schedule:

<u>Second occurrence</u>	<u>\$500</u>
<u>Third occurrence</u>	<u>\$1,000</u>
<u>Subsequent occurrence(s)</u>	<u>\$5,000</u>

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 enforcement of 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 in accordance with the following schedule:

<u>Second occurrence</u>	<u>\$1,500</u>
<u>Third occurrence</u>	<u>\$5,000</u>
<u>Subsequent occurrence(s)</u>	<u>\$10,000</u>

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 in accordance with the following schedule:

<u>First occurrence</u>	<u>\$2,500</u>
<u>Second occurrence</u>	<u>\$5,000</u>
<u>Subsequent occurrence(s)</u>	<u>\$10,000</u>

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 Probable Cause Committee.

536.G. Telephone Recordings

Members and member firms that record conversations conducted on their Exchange Floor telephone lines must maintain the resultant recordings for a period of 10 business days following the day when such recordings are made.

All recordings of Exchange Floor headset communications must comply with the recording and retention requirements set forth in Rule 506. [THIS SENTENCE WILL BE ADDED UPON THE ADOPTION OF RULE 506, NO LATER THAN THE COMPLETION OF TRADING FLOOR CONSOLIDATION]

537. SUBSTITUTION OF FUTURES FOR FORWARDS (SUB)

(Ex-Pit or Ex-CME Globex Transactions). A Substitution of futures contracts for over-the-counter (OTC) forward instruments shall be permitted by arrangement between eligible contract participants and comprised of two discrete transactions, where, the buyer and seller of the futures contract must be, respectively, the buyer and seller of the forward instrument. The forward instrument component shall involve the commodity underlying the futures contract (or a derivative, by-product or related product of such commodity). The quantity covered by the forward instrument must be approximately equivalent to the quantity covered by the futures contract. The parties to the transaction shall maintain a record of the transaction together with all pertinent memoranda. The forward instrument component of a Sub transaction must comply with applicable CFTC forward regulatory requirements, if any. CME shall determine eligible futures contracts and over-the-counter instruments.

538. TRANSFER OF SPOT FOREXCHANGE OF FUTURES FOR RELATED POSITIONS

The following transactionsAn exchange of actual or "spot" commodities for futures contracts shall be permitted by arrangement between parties in accordance with the requirements of this rulefollowing:

1. Exchange for Physical ("EFP") – A privately negotiated and simultaneous exchange of a futures position for a corresponding cash position.

Exchange for Risk ("EFR") – A privately negotiated and simultaneous exchange of a futures position for a corresponding agricultural commodity swap or other OTC instrument.

For purposes of this rule, all EFPs and EFRs shall be referred to as Exchanges of Futures for Related Positions ("EFRP").

2. Options on futures are not a permissible component of an EFRP.
3. The related position (cash, swap, or OTC derivative) must involve the commodity underlying the futures contract, or must be a derivative, by-product or related product of such commodity that has a reasonable degree of price correlation to the commodity underlying the futures contract.
4. An EFRP consists of two discrete, but related simultaneous transactions. One party must be the buyer of (or have the long market exposure associated with) the related position and the seller of the corresponding futures, and the other party must be the seller of (or have the short market exposure associated with) the related position and the buyer of the corresponding futures. However, a member firm may facilitate, as principal, the related position on behalf of a customer, provided that the member firm can demonstrate that the related position was passed through to the customer who received the futures position as part of the EFRP transaction.
5. The accounts involved in the execution of an EFRP must be (a) independently controlled accounts with different beneficial ownership; or (b) independently controlled accounts of separate legal entities with the same beneficial ownership, provided that the account controllers operate in separate business units; or (c) independently controlled accounts within the same legal entity provided that the account controllers operate in separate business units; or (d) commonly controlled accounts of separate legal entities provided that the separate legal entities have different beneficial ownership. However, on or after the first day on which delivery notices can be tendered in a physically delivered contract, an EFRP may not be executed for the purpose of offsetting concurrent long and short positions in the expiring contract when the accounts involved in the transaction are owned by the same legal entity and when the date of the futures position being offset is not the same as the date of the offsetting transaction.
6. The quantity covered by the related position must be approximately equivalent to the quantity covered by the futures contracts.
7. An EFRP may be entered into in accordance with the applicable trading increments set forth in the rules governing such futures contracts, at such prices as are mutually agreed upon by the two parties to the transaction.
8. Subject to approval by the Clearing House, EFRP transactions may be permitted during the contract month after termination of the contract. Such transactions shall not establish new futures positions.
9. Clearing firms on opposite sides of an EFRP must subsequently approve the terms of the transaction, including the clearing firm (division), price, quantity, commodity, contract month and date prior to submitting the transaction to the Clearing House. All EFRP transactions must be submitted to the Clearing House by a clearing firm acting on its own behalf or for the beneficial account of a customer who is a party to the transaction. Clearing firms are responsible for exercising due diligence as to the bona fide nature of EFRP transactions submitted on behalf of customers.
10. Each EFRP transaction shall be designated as such, and cleared through the Clearing House. Each such transaction shall be submitted to the Clearing House within the time period and in the manner specified by the Exchange.
11. The time of execution of an EFRP must be recorded on the futures order ticket, and on the record submitted to the Clearing House.
12. Parties to any EFRP transaction must maintain all documents relevant to the futures and the cash, swap, or OTC transactions, including all documents customarily generated in accordance with cash or other relevant market practices and any documents reflecting payment and transfer of title. Any such documents must be provided to the Exchange upon request and it shall be the responsibility of the carrying clearing firm to provide the requested documentation on a timely basis.
- ~~1. The transaction shall be consummated between two parties wherein one of the parties is the buyer of the "spot" and the seller of the futures contract, and the other party is the seller of the "spot" and the buyer of the futures contract.~~
- ~~2. The purchase and sale of futures contract shall be simultaneous with the sale and purchase of an equal quantity of "spot." With respect to agricultural commodity futures, the seller of the "spot" must have in his possession that cash commodity to be delivered.~~
- ~~3. The transaction may be consummated at any price mutually agreed to by the two parties to the~~

transaction.

4. ~~The transaction shall be submitted to the Clearing House within the time period prescribed by the Exchange. The clearing members and brokers to the transaction shall maintain a full and clear record of the transaction together with all pertinent memoranda.~~
5. ~~Transfers of spot for futures may also be referred to as "Exchange For Physicals" or "EFPs." However, such transactions shall be referred to as "Exchange Basis Facility" transactions or "EBFs" in the context of interest rate products, and "Exchange For Risk" transactions or "EFRs" in the context of agricultural commodity swaps or other OTC instruments that serve as the actual or spot commodity in the transaction.~~

~~EFP, EBF, and EFR transactions shall not be permitted in options contracts.~~

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. ~~Violation of this rule may be a major offense.~~

539.B. Exceptions

The foregoing restriction shall not apply in the following circumstances: ~~to~~

1. ~~Block trades pursuant to Rule 526; or~~
2. ~~Exchange of Futures for Related Position transactions~~ A transfer of spot for futures pursuant to Rule 538; ~~and,~~
3. ~~A transfer of cash for futures after termination of a contract pursuant to Rule 719.~~

539.C. Pre-Execution ~~Communications~~ Discussions Regarding Globex Trades

Parties may engage in pre-execution ~~communications~~ discussions 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~~ discussions 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~~ discussions.
2. Parties to pre-execution ~~communications~~ discussions shall not (i) disclose to a non-party the details of such ~~communications~~ discussions or (ii) enter an order through the Globex platform to take advantage of information conveyed during such ~~communications~~ discussions except in accordance with this rule.
3. With the exception of orders entered pursuant to the terms of Section C.5. below, a period of 5 seconds shall elapse between entry of the two orders in the case of futures orders or a period of 15 seconds shall elapse between entry of the two orders in the case of option orders.
4. With the exception of orders entered pursuant to the terms of Section C.5. below, in any transaction involving pre-execution ~~communications~~ discussions, the first party's order must be entered into the Globex platform first and the second party's order may not be entered into the Globex platform until the time period prescribed in Section 539.C.3. above has elapsed.
5. In electronic options operated pursuant to Rule 585 ("Globex Call Market Trading Algorithm"), including Eurodollar and European Options, solicitation of bid(s) and/or offer(s) between market participants through private ~~communication~~ discussion for the purpose of establishing a market or improving the market for an eligible contract or an eligible combination of contracts for futures and options shall be preceded by issuing a Request For Quote ("RFQ") through an eligible terminal. Subsequent to such RFQ, a trade intended for execution pursuant to Rule 585 for which there has been a pre-execution ~~communication~~ discussion must be initiated by the entry of a Request for Cross ("RFC") Order which will contain both the buy and the sell orders. The RFC Order must be entered within fifteen (15) minutes in the same trading session of the entry of the RFQ. Failure to enter the RFC order within fifteen (15) minutes of the entry of the RFQ shall be considered an abandonment of that pre-execution ~~communication~~ discussion. Any subsequent pre-execution communication or attempt to enter RFC orders must be preceded by the entry of a new RFQ.

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 actual 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.

~~Violation of this rule may be a major offense.~~

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 clearing-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 ~~at a minimum~~ 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 a copy of the order for which the adjustment was made, or, in the case of an order entered on the Globex platform, the electronic audit trail, and the reason justifying for the adjustment. Such records must be ~~provided~~ provided to the Market Regulation Department upon request by Exchange staff.

~~In pit trading, regardless of any negligence in connection with the failure to execute an order, a Member may be deemed guilty of negligence if the Member fails to report an unable-to-execute on: (1) a limit order within a reasonable time after such limit price has been violated or (2) any other order within a reasonable time after such order has been elected. A reasonable time shall be determined on a case-by-case basis by the appropriate arbitration or disciplinary committee.~~

541. TRADING RESTRICTIONS RESPECTING THE S&P 500 STOCK PRICE INDEX™ FUTURES CONTRACT AND THE EURODOLLAR FUTURES BACK 36 CONTRACT MONTHS

A member shall not trade an S&P 500 futures contract or any of the Eurodollar futures back 36 contract months for his own account, an account in which he has a direct or indirect financial interest, or an account which he controls while on the top step of the pit or pit area where such contracts are traded, except that a member may liquidate a position that resulted from an error in the execution of an order.

A member who has executed an order in the S&P 500 futures contract or in any of the Eurodollar futures back 36 contract months while on the top step of the pit or pit area where such contracts trade shall not thereafter, on the same day during the same RTH session, trade for his own account in the restricted contracts where the member has stood on the top step unless such member has deregistered from the top step, waited a full bracket period after the bracket period corresponding to the deregistration, and neither traded nor filled orders in the restricted contracts from the time of deregistration through the end of the next full bracket period. For the purposes of this rule, the last two regular brackets, the closing range bracket and the post close settlement session bracket shall be considered a single bracket.

~~Violation of this rule may be a major offense.~~

542. SIMULTANEOUS SPREAD AND COMBINATION TRANSACTIONS

~~A. During Regular Trading Hours, a~~ All spread or combination transactions in which all sides are acquired simultaneously must be for the same account, except as provided by Rule 56427, and ~~must be made by open outcry of the spread differential or other appropriate pricing convention.~~ **[THE REFERENCE TO RULE 551 WILL BE RETAINED UNTIL THE ADOPTION OF THE CHANGES TO RULE 527]** ~~Such spread or combination trading must be consistent with current spread differentials or combination prices. All legs of the spread or combination must be priced within their daily limits. For futures only spreads and combinations at least one leg must be within the price range established during the trading session whenever the spread or combination~~

~~involves one or more contract months which have an established price range; except, the legs of a spread or combination transaction executed pursuant to Rule 551 may be priced outside of the daily range. Each of the respective legs of the spread or combination transaction must be priced within the daily price limits for those contracts that have limits.~~

~~In the event a spread or combination transaction executed in the pit involves one or more contracts months which have not established a price range during that trading session, the price(s) recorded for such contract(s) month(s) shall not establish a price range except for contract month(s) involving CME Division futures contracts that have never established a price range. In such cases, the price(s) recorded for said contract months shall thereby establish the price range(s) and cannot violate existing offers and bids.~~

~~Spread or combination transactions shall not set off conditional orders in any contract except for an identical spread or combination conditional orders and except for CME Division futures contracts which have never opened. All simultaneous spread or combination transactions must be reported to a designated Exchange official who shall record and publish said the differentials or combination prices in addition to the quantities of such trades. The brokers executing any spread or combination transaction must maintain a record of the said transaction in accordance with Rule 536.~~

~~For the convenience of brokers, the Exchange may also maintain spread or combination board facilities whereby brokers may post spread or combination offers and bids. Such boards may be utilized in place of open outcry spread or combination transactions. Once posted, no spread or combination may be consummated (by open outcry or otherwise) at a differential or combination price which violates the posted spread or combination offer or bid. No simultaneous open outcry spread(s) or combination(s) at the same differential or combination price as an existing posted spread(s) or combination(s) may be consummated until said posted spread(s) or combination(s) have been satisfied. Posted spread or combination transactions shall be governed by Rule 522 and other accepted CME trading procedures.~~

~~For the purposes of this rule, a whole integer price is an option price that is divisible by one tick without remainder (e.g., one tick, two ticks, three ticks, etc.). For the purposes of this rule, a non-integer tick price is an option price that is not divisible by one tick without remainder (i.e., one-half tick or cabinet, one and one-half ticks, and two and one-half ticks). In addition, the rule in an option's contract specifications defining that given option contract's minimum fluctuations also defines that option contract's whole integer and non-integer tick prices for the purposes of this rule.~~

~~Spread or combination transactions involving options on interest rate futures contracts trading at non-integer tick prices other than those transactions explicitly defined in this rule are not allowed.~~

- B. Any spread or combination transaction involving cabinet options may trade, provided that the traded price of the combination is zero, cabinet, or 1 tick, as defined by that product's minimum fluctuations.

~~For the purposes of this rule, a cabinet option is an option trading at a price of one-half tick (except for options on Three-Month Euroyen futures), and a one-tick option is an option trading at a price of one tick. In addition, the rule in an option's contract specifications defining that given option contract's minimum fluctuations also defines that option contract's one-tick price and one-half tick price for the purposes of this rule. Also, the rule in an option's contract specifications defining that given option contract's underlying futures contract also defines that underlying futures contract for the purposes of this rule.~~

~~Spread or combination transactions involving cabinet options other than those transactions explicitly defined in this rule are not allowed.~~

- C. Trading is allowed in simultaneous spread or combination transactions involving options on interest rate futures contracts subject to the conditions applying to other spread or combination transactions and also subject to the following additional conditions:
 1. All recognized non-generic option spread and combination transactions can trade in half-ticks when at least one component option is priced below 5 ticks.
 2. All recognized non-generic option versus futures spread and combination transactions can trade in half-ticks when the underlying futures contract is half-tick eligible and the component options are assigned eligible prices.

~~Recognized non-generic spread and combination transactions involving options whose minimum increments are less than one full tick are not subject to the above conditions.~~

- D. Trading is allowed in simultaneous spread or combination transactions involving options on currency futures contracts trading at whole integer and non-integer tick prices, subject to the conditions applying to other spread or combination transactions and also subject to the following

respective additional conditions:

1. Spread and combination transactions involving the simultaneous purchase and sale of options in which one or more of the options is trading at a non-integer tick price are allowed provided that the total number of options in the combination is four or less and that the net absolute price differential is five ticks or less.
2. Spread and combination transactions involving the purchase of every leg or the sale of every leg of a two-legged or three-legged combination in which one or more of the options is trading at a non-integer tick price are allowed provided that each component option is assigned a price of five ticks or less and that the aggregate combination price is ten ticks or less.
3. Conversion and reversal transactions involving the purchase and sale of options and futures are also allowed to trade at one-half tick provided that each component futures is assigned an integer price.

E. [Reserved]

F. During On Globex, spread or combination transactions shall be made by inputting the spread differential or combination price into the Globex system.

For combinations traded on Globex in price terms, the Exchange will allocate the combination trade price among the individual options in the combination for clearing purposes.

54359.

SPECULATIVE-POSITION LIMITS AND EXEMPTIONS

The position limits applicable in those contracts with position limits are set forth in the Position Limit and Reportable Level Table in the Interpretations Section at the end of Chapter 5. A person seeking an exemption from the position limits shall apply to the Market Regulation Department on forms provided by the Exchange, pursuant to Section F. below. The person shall identify the exemption sought, explain the nature and extent of his business, and affirm under oath that:

1. the intended positions will be either:
 - a. bona fide hedges
 - i) that are economically appropriate and necessary or advisable as an integral part of his business; and
 - ii) that comply with all applicable federal requirements relating to hedging and have been approved for this purpose by the CFTC where necessary;
 - b. risk management positions; or
 - c. arbitrage or spread positions
2. the applicant will comply with whatever limitations are imposed by the Market Regulation Department with regard to such positions; and
3. the applicant will promptly submit a supplemental statement whenever there is a material change to the information provided in the person's most recent application.

Except as provided in Section F. below, a clearing member shall not carry a position that exceeds the position limits on behalf of an account unless the clearing member has confirmed that the owner or controller of such account has received an exemption from the Market Regulation Department.

54359.A. Bona Fide Hedging Positions

The Market Regulation Department may grant exemptions from the speculative-position limits for positions qualifying as bona fide hedges positions as defined by CFTC Regulation 1.3(z)(1).

~~A clearing member shall not maintain hedge positions that exceed the speculative position limits unless the clearing member has confirmed that the owner or controller has received an exemption from the Exchange. A person seeking an exemption shall apply to the Market Regulation Department on forms provided by the Exchange, stating the maximum exemption sought, explaining the nature and extent of his business, and stating under oath that:~~

- ~~1. The intended positions will be bona fide hedges;~~
- ~~2. The hedges are necessary or advisable as an integral part of his business (fully explaining the nature and extent of his business);~~
- ~~3. The applicant has complied with all federal requirements relating to hedging and has received approval for this purpose from the CFTC wherever necessary;~~
- ~~4. The hedge positions are kept in a separate, appropriately designated hedge account on the books of a clearing member;~~
- ~~5. The hedger complies with whatever limitations are imposed by Exchange staff with relation to said~~

hedges; and,

6. ~~The hedger agrees to promptly submit a supplemental statement explaining any change in circumstances affecting the reasonableness of his hedge position.~~

Approved hedgers may be exempted from emergency orders reducing speculative position limits or restricting trading.

54359.B. Risk Management Positions

For the purposes of this rule, risk management positions are defined as futures and options positions which are held by or on behalf of a commercial entity or an affiliate of a commercial entity, which typically buys, sells or holds positions in the underlying cash market, a related cash market, or a related over-the-counter market and for which the underlying market has a high degree of demonstrated liquidity relative to the size of the positions and where there exist opportunities for arbitrage which provide a close linkage between the futures or options market and the underlying market in question.

The Market Regulation Department may grant exemptions from the speculative position limits in debt-based, equity-based, commodity index-based and foreign currency-based futures and options for risk management positions as described in this rule. Exemptions related to indexed positions in the over-the-counter market may include corresponding commodity index-based futures and options and/or individual commodity futures and options used as components in replicating an index.

In order to qualify for an exemption, such positions must meet one or more of the following three sets of criteria:

1. Long positions in futures, long calls, or short puts whose futures equivalent value does not exceed the sum of:
 - a. ~~Cash set aside in an identifiable manner, or any of the following unencumbered instruments so set aside, with maturities of less than 1 year: short-term U.S. Treasury obligations; so set aside, U.S. agency discount notes; commercial paper rated A2 or better by Standard & Poor's and P2 or better by Moody's; banker's acceptances; or certificates of deposit, plus any funds deposited as performance bond on such positions; and~~
 - b. ~~Accrued profits on such positions held at the futures commission merchant clearing member.~~
2. Long positions in futures, long calls, or short puts whose futures equivalent value does not exceed the sum of the value of fully hedged positions in equity securities, debt securities, commodities or currencies, provided that the fluctuations in the value of the position used to hedge such securities, commodities or currencies are substantially related to the fluctuations in the value of the securities, commodities or currencies themselves, and accrued profits on such positions held at the clearing member.
23. Short calls whose futures equivalent value does not exceed the sum of:
 - a. The value of securities, commodities or currencies underlying the futures contract upon which the option is based or underlying the option itself and which securities, commodities or currencies are owned by the trader holding such option position; or
 - b. The value of securities, commodities or currencies whose price fluctuations are substantially related to the price fluctuations of the securities, commodities or currencies underlying the futures contract upon which the option is based or underlying the option itself and which securities, commodities or currencies are owned by the trader holding such option position.
3. ~~Long positions in futures or long calls whose futures equivalent value does not exceed the sum of:~~
 - a. ~~The value of fully hedged positions in equity securities, debt securities, commodities or currencies; and~~
 - b. ~~Accrued profits on such positions held at the futures commission merchant.~~

~~A clearing member shall not maintain risk management positions that exceed the speculative position limits, unless the clearing member has confirmed that the owner or controller has received an exemption from the Exchange. A person seeking an exemption shall apply to the Market Regulation Department on forms provided by the Exchange, stating the maximum exemption sought, explaining the nature and extent of his business, and stating under oath that~~

- ~~(1) the intended positions will be risk management positions;~~
- ~~(2) the positions will be kept in a separate, appropriately designated account on the books of a clearing member;~~
- ~~(3) the applicant will comply with whatever limitations are applied by the Exchange with regard to said positions; and~~
- ~~(4) the applicant will promptly submit a supplemental statement explaining any change in~~

~~circumstances affecting his position.~~

54359.C. Arbitrage and Spread Positions

The Market Regulation Department may grant exemptions from the speculative position limits for ~~arbitrage, intracommodity spread, or intercommodity spread, and eligible option/option or option/futures spread positions as set forth below.~~

For exemptions from the spot month position limits for cash-settled agricultural contracts, the prospective arbitrageur or spreader shall specify the extent of his current and/or planned activity in the cash market underlying the contract for which such exemption is requested. Upon receiving an exemption from the spot-month position limit, the arbitrageur or spreader agrees to disclose, upon request by the ~~Exchange~~ Market Regulation Department, any cash market activity involving the underlying commodity, including any activity during the period when the contract's cash settlement price is determined.

~~A clearing member shall not maintain arbitrage or spread positions that exceed the speculative position limits, unless the clearing member has confirmed that the owner or controller has received an exemption from the Exchange. A person seeking an exemption shall apply to the Market Regulation Department on forms provided by the Exchange, stating the maximum exemption sought, explaining the nature and extent of his business, and stating under oath that~~

- ~~(1) the intended positions will be arbitrage or spread positions;~~
- ~~(2) the positions are kept in a separate, appropriately designated account on the books of a clearing member;~~
- ~~(3) the arbitrageur or spreader complies with whatever limitations are imposed by Exchange staff with regard to said positions; and~~
- ~~(4) the arbitrageur or spreader agrees promptly to submit a supplemental statement explaining any change in circumstances affecting his position.~~

~~This Section C. applies to intercommodity spread positions and intracommodity (calendar) spread positions of roughly equivalent value or size involving:~~

- ~~1. Interest rate futures or options versus other interest rate futures or options;~~
- ~~2. Interest rate futures or options versus like precious metal calendar spreads or gold coin calendar spreads;~~
- ~~3. Interest rate futures or options versus like calendar spreads in stock index futures;~~
- ~~4. Stock index futures or options versus other stock index futures or options;~~
- ~~5. Gold futures versus gold coin futures or gold options;~~
- ~~6. Currency futures versus gold futures or gold options or gold coin futures;~~
- ~~7. Currency futures or options versus other options on like physical currencies, currency futures, or currency options;~~
- ~~8. Options or futures on cross currency interest rate differences versus like currency options or futures calendar spreads;~~
- ~~9. Commodity index futures or options versus index component futures or options;~~
- ~~10. Livestock and meat futures or options intracommodity (calendar) spreads involving non-spot contract months;~~
- ~~11. Livestock and meat futures or options versus other livestock and meat futures or options involving non-spot contract months;~~
- ~~12. Feeder Cattle futures or options versus Feeder Cattle futures or options involving spot contract months, provided that the spot month positions during the last 5 trading days do not exceed 300 contracts;~~
- ~~13. Live Cattle futures or options versus spot month Live Cattle futures during the 5 trading days immediately following First Notice Day;~~
- ~~14. Dairy product futures or options intracommodity (calendar) spreads involving non-spot contract months;~~
- ~~15. Dairy product futures or options versus other dairy product futures or options involving non-spot contract months;~~
- ~~16. Milk futures or options versus milk futures or options provided that the spot month positions do not exceed two times the spot month position limits;~~
- ~~17. Butter futures or options versus butter futures or options involving spot contract months, provided that the spot month positions during the last 5 trading days do not exceed 200 contracts in the~~

March, May or July contract months, 150 contracts in the September contract month or 100 contracts in the October or December contract months; and

18. ~~Forest product futures or options versus other forest product futures or options.~~

543.D. ~~Agricultural Option and Option/Futures Spread Positions~~

~~A clearing member shall not maintain agricultural option option or option futures spread positions that exceed the speculative position limits, unless the owner or controller has applied to the Market Regulation Department on forms provided by the Exchange stating the maximum exemption sought, explaining the nature and extent of his business, and stating under oath that:~~

- ~~1. The intended positions will qualify as spreads as defined in the Position Limit rules of the respective option chapter(s) of these Rules;~~
- ~~2. The positions are kept in a separate, appropriately designated account on the books of a clearing member;~~
- ~~3. The option trader complies with whatever limitations are imposed by Exchange Staff with regard to said positions; and~~
- ~~4. The option trader agrees promptly to submit a supplemental statement explaining any change in circumstances affecting his position~~

559.D. Aggregation of Positions

In determining whether 1) any person has exceeded the position limits set forth in the Position Limit and Reportable Level Table in the Interpretations Section at the end of Chapter 5 or, where applicable, those limits determined pursuant to an exemption granted by the Market Regulation Department pursuant to Rule 559, or 2) a position is a reportable position pursuant to Rule 561, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading, except as set forth in Section E. below, shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by, or the trading of the positions were done by, a single person.

Except as set forth in Section E. below, any person holding positions in more than one account, or holding accounts or positions in which the person by power of attorney or otherwise directly or indirectly has a 10% or greater ownership or equity interest, must aggregate all such accounts or positions, unless such person is a limited partner, shareholder, member of a limited liability company, beneficiary of a trust or similar type of pool participant in a commodity pool. However, this exception does not apply if the person is the commodity pool operator, controls the pool's trading decisions, or has an ownership or equity interest of 25% or greater in a commodity pool the operator of which is exempt from registration with the Commodity Futures Trading Commission.

54359.E. Independently Controlled Positions

An eligible entity as defined in CFTC Regulation §150.1-(d) shall not be considered to have violated the position limits based on the positions established on its behalf by one or more independent account controllers as defined in CFTC Regulation §150.1-(e) if each such account controller does not exceed position limits, and if the positions are not held in a spot month if there is a position limit that applies to individual trading months during their expiration.

If an independent account controller is affiliated with the eligible entity or another independent account controller, each of the affiliated entities must comply with the requirements set forth in CFTC Regulation §150.3-(4)(i)(Aa-Dd).

The position limits shall apply to all positions held by futures commission merchants or their separately organized affiliates in customer discretionary accounts or in guided account programs unless the accounts are controlled by independent traders and meet the standards set forth in CFTC Regulation 150.4(d).

Any person claiming an exemption from speculative position limits under this Section-E, must, upon request by the Market Regulation Department, provide information relating to the positions owned or controlled by that person; trading done pursuant to the claimed exemption; the futures, options or cash market positions which support the claimed exemption; and the relevant business relationships supporting the claimed exemption.

54359.F. Application to Exceed Speculative, Hedge, Risk Management, Arbitrage or Spread Position Limits

Positions in excess of speculative position limits may not be initiated without approval by the Market Regulation Department as described below. Any position in excess of the speculative limits without Exchange approval will be deemed a violation of Exchange rules by the clearing member.

Except as provided below, a person intending to exceed ~~speculative position limits or limits established pursuant to a previously approved hedge, risk management, arbitrage or spread exemptions~~ must file the required applications required by Sections A., B., C., and D. above and receive approval prior to exceeding such limits.

A person intending to exceed ~~speculative position limits for stock index futures and options contracts~~ may request verbal approval prior to exceeding such limits and, if the request is approved, file the required application promptly, and in no event more than three business days after the request has been approved.

A person intending to exceed ~~speculative position limits for other non-agricultural contracts~~ may file the required application after exceeding such limits. A person who has not previously received approval to exceed ~~speculative position limits~~ must file the application within five business days. A person exceeding a previously approved ~~hedge, risk management, arbitrage or spread exemption~~ limit must file the application within ten business days. The Market Regulation Department Exchange staff shall have the authority to require the submission of the application within a shorter period of time.

The Market Regulation Department Exchange staff shall, on the basis of any application and requested supplemental information which the Exchange may request, determine whether the applicant will be approved for exemption pursuant to the foregoing sections. The Market Regulation Department Exchange staff may impose such limitations on the approval as are commensurate with the applicant's business needs, financial ability and personal integrity, as well as the liquidity, depth and volume of the market for which the exemption is sought. The Market Regulation Department Exchange staff may, from time to time, review all exemption approvals at any time, and, for cause, revoke such said approvals or place limitations thereon if it is determined that the applicant's status or the market conditions have changed. The applicant may appeal any decision of the Market Regulation Department Exchange staff pursuant to this Section to the Business Conduct Committee.

In all cases, entities granted relief pursuant to any of the foregoing sections must comply with all other Exchange rules and requirements. Additionally, ~~the applicant~~ all parties approved to exceed position limits must agree that such positions shall be initiate and liquidate ~~removed~~ such positions in an orderly manner consistent with sound commercial practices, and ~~may~~ must not be initiated or liquidated such positions in a manner calculated to cause unreasonable or unwarranted price changes or fluctuations, violate or avoid Exchange rules, or otherwise impair the good name or dignity of the Exchange.

Except as provided above, a clearing member that permits a customer to establish a position in excess of ~~speculative position limits~~ without prior ~~Exchange approval~~ by the Market Regulation Department may be found responsible for the violation of the ~~speculative~~ limit.

54359.G. Violations

Violations of ~~speculative position limits and approved hedge, risk management, arbitrage and spread position exemption~~ limits are subject to the provisions of Rule 443.

543. [RESERVED]

544. CLOSING DAY ORDERS

~~Only market, closing, spread, limit and stop orders shall be permitted~~ During the last day of trading in an expiring futures contract, all allowable types of orders that reach the trading floor less than 15 minutes prior to the close of trading, except for market, closing, spread, limit and stop orders, will be accepted solely at the risk of the customer on a not-held basis. A B ~~brokers shall not be responsible for cancellations unless the cancellations reaches the broker at least 15 minutes prior to the close on the last day of trading in an expiring futures contract.~~

545. CLOSING BIDS AND OFFERS IN BOARD TRADING

If, at the close of the trading session, a higher bid or lower offer than the last sale is posted, such bid or offer shall be subject to acceptance for one minute after the close.

546. OPENING AND CLOSING RANGES DURING REGULAR TRADING HOURS

~~The Opening and closing price ranges shall be established by Exchange staff in consultation with the Pit Committee. The closing range time periods shall be as follows:~~

		Regular Day & 12:00 Noon Closings	Last Day of Trading
Agriculturals	Futures	30 seconds	90 seconds
	Options	30 seconds	90 seconds

Currencies	Futures	60 seconds	60 seconds
	Options	60 seconds	120 seconds
Interest Rates	Futures	60 seconds	60 seconds
	Options	60 seconds	60 seconds
Equity Indices	Futures	30 seconds	60 seconds
	Options	60 seconds	60 seconds

In the event of a disputed opening or closing price 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 price range shall be made by Exchange staff in consultation with the Pit Committee. A change in the opening price range will be allowed only if the request for a change is made determined within 15 minutes of the posting of the range opening. A change in the closing price range will be allowed only if the request for a change is made determined within 510 minutes of the posting of the range close.

547. DISCRETIONARY ORDERS

Other than DRT orders, no Member (as defined in Rule 400) shall accept an order that gives more latitude than price and time in execution of the order; except in accordance with the provisions of Rule 956.

The above restriction shall not apply to those orders:

1. placed by another member for an account owned by such member;
2. placed by the member's immediate family which includes a husband, wife, spouse, brothers, sisters, parents, child, grandparents, great-grandparents, children, grandchildren, great-grandchildren, brother, sister, aunt, uncle, nephew, niece and or in-laws; and
3. placed for proprietary accounts of clearing-member firms.

548. PRIORITY OF EXECUTION

In pit and board trading, non-discretionary customer orders shall be executed in accordance with their price and time priority the order received by the broker. ~~Open orders from previous sessions shall have priority over new orders and shall be executed in order of their original timestamps. 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 order 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. [RESERVED]

550. POST SETTLEMENT SESSION AND POST CLOSE SESSION [THE CME WILL ADOPT THE CHANGES TO THIS RULE NO LATER THAN THE COMPLETION OF TRADING FLOOR CONSOLIDATION]

~~As soon as practicable, but in no event more than 15 minutes~~ After the posting of the settlement price or two minutes after the close of Regular Trading Hours for pit and board-traded futures and designated options contracts, ~~whichever is later, trading may resume for a period of no longer than three minutes, subject to the following exception. In the case of Eurodollar and Liber futures, there will be a post close session that shall begin no earlier than two minutes after the close of pit trading. The post close session shall not be contingent upon the posting of Eurodollar and Liber futures final settlement prices. The post close session for related products shall commence simultaneously.~~

During the ~~post settlement or post close session~~, members are obligated to bid or offer any orders that: (1) were received prior to the close; (2) were executable in the closing range; and (3) are executable in the ~~post settlement or post close session~~. In addition, members are obligated to bid or offer any orders, including customer orders, that were received after the close and are executable in the ~~post settlement or post close session~~.

~~The range of prices eligible for trading o~~ Outright futures or options contracts trades during in the post ~~close~~ settlement session shall be the closing range, with the following exceptions. Trades during the post settlement session may occur only at the settlement price and the next two ticks in the direction of the closing range for interest rate contracts excluding Eurodollar and Liber futures. In Eurodollar and Liber futures, trading during the post close session may occur at prices that traded during the closing

~~range of pit trading or that traded on Globex (including bids and offers) from 60 seconds prior to the close of pit trading through the end of the post close session. For equity index and currency contracts, trades during the post settlement session may only occur at the settlement price, prices within the closing range, or any valid intervening price between the settlement price and the closing range only. However, on those days when equity contracts are settled per their "Fair Value" as determined by the Exchange pursuant to Rule 813.D., trades in the post settlement session in those contracts shall be within their closing range of prices. In addition to prices in the closing range, trades during the post settlement session in agricultural quadrant contracts may occur at prices four ticks higher than the highest price or four ticks lower than the lowest price posted in the closing range, provided such prices do not establish a new high or low for the day or violate daily price limits. During the post close session, outright options trades may occur at any price except that options contracts with daily price limits must be traded at prices within the daily limits.~~

~~A simultaneous spread or combination transaction executed pursuant to Rule 542 may be transacted during the post settlement or post close session at a differential which is consistent with the spread differentials prevailing during the closing range provided that the spread has previously traded during the Regular Trading Hours session or the legs comprising the spread have previously opened during the Regular Trading Hours session. The differential or combination price at which a spread trades during the post close session may establish a new high or low for the spread. Spreads or combination transactions must be priced so that one leg is priced within the range of prices eligible to trade in the post close session and one leg is priced within the daily price limits for contracts with price limits. If a spread is used to correct an erroneous transaction during the post close session, then the legs may be priced outside of the range of prices eligible to trade during the post close session, but must be within the daily price limits for contracts with price limits. The price assignment conventions and conditions set forth in Rule 542 shall apply to any simultaneous spread or combination transaction executed in the post settlement or post close session.~~

~~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 settlement or post close session.~~

551.

SPREAD OR COMBINATION TRANSACTIONS TO RECTIFY ERRORS [RESERVED] [THE PROVISIONS OF THIS RULE WILL BE CONSOLIDATED INTO RULE 527 NO LATER THAN THE COMPLETION OF TRADING FLOOR CONSOLIDATION AT WHICH TIME RULE 551 WILL BE DELETED, EXCEPT THAT THE LAST TWO SENTENCES OF RULE 551 WILL BE DELETED IMMEDIATELY]

~~A spread or combination transaction executed at a differential must be for the same account owner, except that in the event an order was executed in the wrong month, in the wrong product or at the wrong strike price, such spread or combination transaction may be used to execute the order and liquidate the position arising from the initial execution of the order, provided that:~~

- ~~A. If the error was on the part of a floor broker not employed by the clearing member representing the order:
 - ~~1. The floor broker places the position resulting from the improper execution and the offsetting position resulting from the execution of the spread or combination transaction in his error account; and~~
 - ~~2. A floor official of the clearing member representing the order approves the execution price of the order by signing the trading card or order used to record the spread or combination transaction.~~~~
- ~~B. If the error was on the part of a clearing member representing the order or its floor broker employee:
 - ~~1. The clearing member places the position resulting from the improper execution and the offsetting position resulting from the execution of the spread or combination transaction in its error account; and~~
 - ~~2. A floor official of the Exchange reviews the propriety of the execution price of the order by reference to Time and Sales, the time in on the order and any other relevant information. If there is a dispute between the clearing member firm and the floor official, the matter shall be resolved by the Chairman and one other member of the relevant pit committee. A pit committee member shall not be involved in the resolution of such a dispute if he or any person or firm with which he is affiliated has a financial, personal or other direct interest in the matter under consideration. This decision shall be final with respect to the clearing member.~~~~
- ~~C. All error accounts used for this purpose are identified to the Market Regulation Department;~~
- ~~D. All such transactions are clearly identified in a manner acceptable to the Exchange; and~~

~~E. The circumstances surrounding the nature of the error are clearly documented by the floor broker or clearing member, as the case may be, and such documentation is promptly provided to the Exchange upon request.~~

~~Violations of this rule for the purposes of taking advantage of customer orders shall be a major offense. Other violations of this rule may be a major offense.~~

552.

DUAL TRADING RESTRICTIONS

552.A. Definitions

1. Dual Trading: The term "dual trading" shall mean trading or placing an order for one's own account, an account in which one has a direct or indirect financial interest or an account which one controls, in any contract month in which such person previously executed, received or processed a customer order on the Exchange floor during the same Regular Trading Hours session.
2. Customer: The term "customer" means the ultimate (end) customer or originator of the order, not the clearing member.
3. Mature Liquid Contract: The term "mature liquid contract" means a contract month by position in relation to the front month contract at any given point in time that has had during the prior six calendar months an average daily pit-traded volume of 10,000 or more contracts; provided, however, that the Board of Directors may exempt from or include in this definition specific contracts and hours of trading during which such contracts will be deemed not to be mature liquid contracts, taking into account any market conditions which, in the Board's opinion, would justify such action.

552.B. Prohibition

Dual trading shall be prohibited in any contract month which is deemed a mature liquid contract by management subject to the exceptions in Section C. below.

~~Violation of this rule may be a major offense.~~

552.C. Exceptions

1. Customer Permission. A member may engage in dual trading in any contract month if each customer for whom such member executes or processes orders in that contract month grants prior written permission to such member.
2. Member Customers. A member may engage in dual trading in any contract month if the customer for whom such member executes or processes orders in that contract month is a member of the Exchange.
3. Errors.
 - a. A member taking a position into his error account as a result of the erroneous execution of an order shall not be considered to be dual trading provided that such member creates an accurate record evidencing that the position was the result of an error.
 - b. A member may engage in dual trading to offset a position resulting from the erroneous execution of a customer order provided that such member (1) creates an accurate, contemporaneous record evidencing that the transactions for such member's account were the result of the correction of the error and (2) records the time of each trade to the nearest minute on his or her trading card.
 - c. A member may engage in dual trading to spread a position resulting from an order execution error against a contract in which the member is dual trading restricted. The member must create an accurate contemporaneous record evidencing that the original position was the result of an error and create a record to clearly identify any trades made for the purpose of spreading against the original position. When spreading an error position, any trading in a dual trading restricted component of the spread may only be for offset purposes. The member may not add to the position or reestablish a position in a dual trading restricted component once the position has been offset. The member must create an accurate, contemporaneous record identifying the offsetting transaction and must record the time of execution to the nearest minute for each such transaction.
4. Spread Brokers. A member whose primary business is the execution of spread orders may engage in dual trading. Members executing options/futures spread or combination orders (in which the futures side is a dual trading restricted contract) at a differential or combination value, while in the options pit, will not be considered in violation of the dual trading restrictions if such members subsequently trade for their personal accounts in that dual trading restricted futures contract. This exemption only applies to members executing the aforementioned options/futures spreads or combinations. Members are still prohibited from trading for their personal accounts in dual trading

restricted futures contracts after executing outright customer orders in such contracts.

552.D. Side-by-Side Trading in Eurodollar Futures Contracts

During Regular Trading Hours, the dual trading restrictions applicable to open outcry trading of Eurodollar futures contracts apply to the on-floor trading of the same contract months on Globex pursuant to the following provisions:

1. On-floor Globex brokers and terminal operators who handle, process, or fill a customer order in a restricted Eurodollar futures contract month (either on Globex or in the pit) may not trade or place an order for their own account, an account in which they have a direct or indirect financial interest, or an account they control for the remainder of that session in that contract month either on Globex or in the pit.
2. Pit brokers who handle, process, or fill a customer order in a restricted Eurodollar futures contract month (either in the pit or on Globex) may not trade or place an order for their own account, an account in which they have a direct or indirect financial interest, or an account they control for the remainder of that session in that contract month either in the pit or on Globex.

553. AVERAGE PRICE SYSTEM

553.A. Application of Average Prices

The Exchange's Average Price System ("APS"), or a proprietary APS developed by a clearing member, allows a clearing member to confirm to customers an average price when multiple execution prices are received on an order or series of orders for futures, options or combination transactions. An order or series of orders executed during the same trading day at more than one price may ~~only~~ be averaged pursuant to APS only if each order is for the same account or group of accounts and for the same product and expiration month for futures, or for the same product, expiration month, put/call and strike price for options.

553.B. Requirements for APS Trades

A clearing member may have the Exchange calculate average prices or a clearing member may calculate average prices internally for contracts executed on the Exchange. The requirements enumerated below must be met for APS transactions.

1. The customer must have requested average price reporting.
2. Each individual trade must be submitted and cleared by the Exchange at the executed price.
3. If a clearing member computes and confirms the average price to its customers, it must compute the weighted mathematical average price, as set forth in Section C.
4. If a clearing member calculates the average price, it must possess the records to support the calculations and allocations to customer accounts and must maintain these records pursuant to CFTC regulations.
5. ~~A clearing member must identify each average price trade as such on all confirmation statements and monthly statements on which the trade is reported regardless of whether the average price was calculated by the Exchange or the clearing member.~~
6. A clearing member must ensure that its proprietary trades are not averaged with customer APS trades.

553.C. Computation of Average Price

Upon receipt of an execution or match at multiple prices for an APS order, the weighted mathematical average must be computed by: (a) multiplying the number of contracts purchased or sold at each execution price by that price, (b) adding the results together and (c) dividing by the total number of contracts. An average price for a series of orders will be computed based on the average prices of each order in that series. The actual average price or the average price rounded to the next price increment may be confirmed to customers. If a clearing member confirms the rounded average price, the clearing member must round the average price up to the next price increment for a buy order or down to the next price increment for a sell order. The residual created by the rounding process must be paid to the customer. APS may produce prices that do not conform to whole cent increments. In such cases, any amounts less than one cent may be retained by the clearing member.

553.D. Disclosure

Each clearing member that confirms an average price to a customer must indicate on the confirmation and monthly statement that the price represents an average price.

554. [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.

While standing on the top step, a member shall not execute a trade or place an order for his personal account in any restricted contract months which are traded in the contract month position where such member stands.

After a member has conducted business on the top step, including, executing, receiving or processing an order, neither the member nor anyone else shall thereafter during the same RTH session execute a trade or place an order for such member's personal account in any restricted contract month eligible for trading in the contract month position where such member conducted business. However, a member may trade or place orders in such restricted contract months prior to his standing on the top step, and such orders may be executed by another individual even after the member placing the orders has conducted business on the top step, provided the execution of such orders on behalf of such member is not otherwise prohibited by Rule 552.

A restricted contract month shall be deemed to be restricted, for the purposes of this rule only, through the last day of trading of such restricted contract month.

555.C. Exceptions

1. **Errors:** Taking a position resulting from the erroneous execution of a customer order and liquidating such position will not be a violation of the top step restrictions provided the member creates an accurate record evidencing that such transactions were the result of an error or the correction of an error.
2. **Intermarket Spreaders:** A member may trade from the top step provided such transactions are made exclusively to facilitate intermarket spreads or combinations.
3. **Trading with Discretion for the Proprietary Account of a Clearing Member:** A member who fills orders from the top step for the proprietary account of a clearing member, where such trading requires sightlines to the pit for arbitrage, may also trade with discretion for such account provided that all such trades constitute part of an arbitrage transaction to another market and the member has received authorization to do so by the Market Regulation Department ~~Exchange staff~~.
4. The Board of Directors may exempt any contract or contract months from the provision of this rule taking into account any market conditions which, in the Board's opinion, would justify such action.
5. The Floor Conduct ~~Pit Supervision~~ Committee shall have the authority to:
 - a. Exempt specific top-step areas deemed unsuitable for order filling; and
 - b. Grant individual exceptions where the application of the rule would work a hardship on the execution of customer orders, provided such exceptions are consistent with Rule 552.

555.D. Violations

A single violation of this rule may be deemed a trading infraction under Rule 514.A.9. subject to the jurisdiction and fining authority of the Floor Conduct ~~Pit Committee and Pit Supervision~~ Committee, except for those violations involving Rule 552. Multiple or egregious violations of this rule may be referred to the Probable Cause Committee by the Market Regulation Department ~~a major offense~~.

556. ~~_____~~ **[RESERVED]**

557. ~~_____~~ RESTRICTIONS ON GLOBEX TRADING OF STOCK INDEX FUTURES FROM BOOTHS IN THE EQUITY QUADRANT

~~No member at a clearing member's booth in the equity quadrant shall enter or cause to be entered into the Globex platform an order to buy or sell stock index futures or options contracts if such order is:~~

- ~~A. an order for the member's own account, an account in which the member has a direct or indirect financial interest, or an account which the member controls;~~

- B. ~~an order for an immediate family member of the member; or~~
- C. ~~an order for the proprietary account of such clearing member.~~

558.-560. [RESERVED]

560. POSITION ACCOUNTABILITY

A person who holds or controls, or a member firm that carries for another person, aggregate positions in excess of those specified in the Position Accountability column in the Position Limit and Reportable Level Table in the Interpretations Section at the end of Chapter 5, shall be subject to the following provisions:

- a. Such person shall provide, in a timely manner upon request by the Market Regulation Department, information regarding the nature of the position, trading strategy, and hedging information, if applicable.
- b. Such person shall be deemed to have consented, when so ordered by the Exchange, not to further increase the positions which exceed the levels specified in the Position Accountability column in the Position Limit and Reportable Level Table in the Interpretations Section at the end of Chapter 5.
- c. Such positions must be initiated and liquidated in an orderly manner.

For purposes of this rule, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this rule shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

561. REPORTS OF LARGE POSITIONS

561.A. General Provisions

Clearing members shall submit to the Exchange a daily report of all individuals or entities which own, control, or carry ~~large~~reportable positions in a single contract month for one futures contracts or a single expiration month for a put or call option, regardless of strike price. The Exchange may require that more than one report be submitted daily. Such report shall be in a form acceptable to the Market Regulation Department and shall contain the account numbers and the number of open contracts in each month for a futures contract or in each expiration month for a put or call option in which any individual or other entity owns, controls, or carries open positions in a single contract month that equals or exceeds the reporting level for such contract pursuant to Section B. Furthermore, with respect to any individual or entity owning, controlling, or carrying a position that meets or exceeds the reportable level in any month of a futures or options contract, the clearing member must submit a report for that individual or entity in all months of that futures contract and all corresponding options contracts, regardless of position size. The Business Conduct Committee or the Market Regulation Department~~Exchange staff~~ may, at its discretion, require reports from one or more clearing members on a lesser number of positions owned, controlled, or carried.

Clearing members shall also furnish the Market Regulation Department with reports identifying the owner and any controlling parties for accounts required to be disclosed in accordance with the preceding paragraph.

It shall be the responsibility of the clearing member to obtain the information required above relative to ownership and control of positions within any account carried on an omnibus basis, unless such omnibus account has been specifically exempted by the Market Regulation Department.

561.B. Reportable Levels

~~Unless otherwise indicated below, the reportable levels for all contracts are set forth in the Position Limit and Reportable Level Table in the Interpretations Section at the end of Chapter 5 shall be 25. The reportable level for options shall be the same as for the underlying futures contract.~~

<u>Commodity</u>	<u>Reportable Level</u>
TRAKRS	50,000

<u>Commodity</u>	<u>Reportable Level</u>
Eurodollars	850
Australian Dollar	200
British Pound	200
Canadian Dollar	200
Euro Currency Unit	200
Japanese Yen	200
Swiss Franc	200
Single Stock Futures	200
1-Month LIBOR	100
90-Day Treasury Bills	100
S&P 500	100
E-Mini S&P 500	100
Russell 2000	100
E-Mini Russell 2000	100
Nikkei Stock Index	50
5-Year Bundle	45
E-mini 5-Year Eurodollar Bundle	450
Frozen Pork Belly	5
Random Length Lumber	5

562. — SPECULATIVE LONG AND SHORT POSITIONS SAME EXPIRATION MONTH

A clearing member shall not carry a speculative long position and a speculative short position for any customer or for itself in the same commodity for the same expiration month, except in accordance with CFTC Regulation 1.46(d), as amended.

563. — 5702. [RESERVED]

GLOBEX ELECTRONIC TRADING SYSTEM RULES

571. — MAXIMUM QUANTITIES FOR GLOBEX ORDERS

The Globex system precludes the entry of an order in a quantity in excess of the maximum number of contracts allowed for a particular product, as published from time to time by the Exchange. An order that exceeds the maximum number of contracts allowed for a particular product must be entered into the Globex system as multiple entries, each of which may not exceed the maximum number of allowable contracts.

572. — [RESERVED]

573. GLOBEX OPENING

Each business day, Globex will open with a single price for each instrument unless otherwise designated by the Exchange.

Prior to the opening of each Globex Session, Globex will provide an indicative opening price or prices; based on the Globex equilibrium price algorithm described below, and on all pending orders that may be executed on the opening. During the 30-second period prior to the opening, no previously entered orders may be modified or cancelled, although new orders may be entered.

Globex will establish an equilibrium price that will be the opening price. The equilibrium price is the calculated price between sell pressure and buy pressure where the largest volume of trading can occur. The price will be determined in accordance with the following methodology:

1. Any bid at a given price may also be executed at a lower price.
2. Any offer at a given price may also be executed at a higher price.
3. The bid volume at any price is the quantity bid at that price plus the sum of the quantities bid at all higher prices.
4. The offer volume at any price is the quantity offered at that price plus the sum of the quantities offered at all lower prices.
5. Sell pressure occurs when the offer volume exceeds the bid volume at a particular price.
6. Buy pressure occurs when the bid volume exceeds the offer volume at a particular price.
7. The trade volume at any price is the smaller of the bid volume or the offer volume.
8. The price overlap is the range of prices where trades are possible.
9. The equilibrium is the price range within the price overlap where buy pressure changes to sell pressure.
10. The equilibrium price is one of the following:
 - (a) The price within the equilibrium that has the largest trade volume and the lowest unmatched volume at that price remaining after the opening.
 - or
 - (b) If more than one price has the same trade volume and the same unmatched volume at that price, the equilibrium price is the one nearest the previous day's settlement price.
11. If there is no equilibrium (there is only buy pressure or sell pressure), there will be no opening price until a trade occurs unless there is a bid higher than, or an offer lower than, the previous day's settlement price.
12. After the provisional opening price is determined as set forth above for all orders excluding stop and stop limit orders, the calculations are repeated with any such orders that would be triggered at such price included until a new provisional opening price is determined. If such new price would trigger additional stop or stop limit orders, the process is repeated until no more orders are triggered.
13. Bids and offers will be selected for matching at the opening price based on price and time priority.

574.

GLOBEX ACCESS RESTRICTIONS

All connections to the Globex system, including direct connections of non-clearing members or customers, 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 industry registration. Non-member customer orders may ~~only~~ be entered only from designated areas on the floor of the Exchange or from the premises of an entity registered to conduct customer business.

Clearing members shall assist the Exchange in any investigation into potential violations of the rules or the Act which occur through or with respect to a Globex connection guaranteed by the clearing member. Such assistance must be timely and may include, but not be limited to, requiring any non-member customer to produce documents, to answer questions from the Exchange, and/or to appear in connection with an investigation.

Clearing members shall suspend or terminate a non-member customer's Globex access if the Exchange determines that the actions of the non-member customer threaten the integrity or liquidity of any contract or violates any Exchange rule or the Act, or if the non-member customer fails to cooperate in an investigation.

If a clearing member has actual or constructive notice of a violation of Exchange rules in connection with the use of Globex by a non-member for which it has authorized a direct connection and the clearing member fails to take appropriate action, the clearing member may be found to have committed an act detrimental to the interest or welfare of the Exchange.

575.

[RESERVED]

576.

IDENTIFICATION OF GLOBEX TERMINAL OPERATORS

Each Globex terminal operator shall be identified to the Exchange, in the manner prescribed by the Exchange, and shall be subject to Exchange rules. If user IDs are required to be registered with the

Exchange, it is the duty of the clearing member to ensure that registration is current and accurate at all times. Each individual must use a unique user ID to access Globex. In no event may a person member or clearing member enter an order or permit another to enter the entry of an order by an individual using with a user ID other than the individual's own unique user ID.

577.

[RESERVED]

578.

LIMITATION OF LIABILITY, NO WARRANTIES

A. EXCEPT AS PROVIDED BELOW, THE EXCHANGE, THE BOARD OF TRADE OF THE CITY OF CHICAGO, INC. ("CBOT"), THE NEW YORK MERCANTILE EXCHANGE INC. ("NYMEX") AND CME ALTERNATIVE MARKETPLACE INC., (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), THEIR OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS, LICENSORS, MEMBERS, AND CLEARING MEMBERS, SHALL NOT BE LIABLE TO ANY PERSON FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF USE, AND DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES), ARISING FROM:

- (i) ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE SYSTEMS AND SERVICES OF THE EXCHANGE, CBOT OR CME ALTERNATIVE MARKETPLACE INC., OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS AND SERVICES, INCLUDING WITHOUT LIMITATION ELECTRONIC ORDER ENTRY/DELIVERY, TRADING THROUGH ANY ELECTRONIC MEANS, ELECTRONIC COMMUNICATION OF MARKET DATA OR INFORMATION, WORKSTATIONS USED BY MEMBERS AND AUTHORIZED EMPLOYEES OF MEMBERS, PRICE REPORTING SYSTEMS AND ANY AND ALL TERMINALS, COMMUNICATIONS NETWORKS, CENTRAL COMPUTERS, SOFTWARE, HARDWARE, FIRMWARE AND PRINTERS RELATING THERETO GLOBEX[®], CUBS[™], TOPS[™], CLEARING 24[®], GLOBEX CONTROL CENTER[™], GALAX-C[™]; OR
- (ii) ANY FAILURE OR MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION OR TERMINATION, OR ANY OTHER CAUSE, OF ANY EXCHANGE SYSTEM, OR SERVICE OR FACILITY OF THE EXCHANGE, CBOT OR CME ALTERNATIVE MARKETPLACE INC., OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, CAUSED BY ANY THIRD PARTIES INCLUDING, BUT NOT LIMITED TO, INDEPENDENT SOFTWARE VENDORS AND NETWORK PROVIDERS; OR
- (iii) ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE EXCHANGE, CBOT OR CME ALTERNATIVE MARKETPLACE INC. OR THE EXCHANGE OR ANY EXCHANGE, CBOT OR CME ALTERNATIVE MARKETPLACE INC. SYSTEM, SERVICE OR FACILITY; EXCEPT FOR INCORRECT ORDER STATusing INFORMATION AS PROVIDED IN RULE 579 (GLOBEX CONTROL CENTER AND ORDER STATusing); OR
- (iv) ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF ANY EXCHANGE, CBOT OR CME ALTERNATIVE MARKETPLACE INC. SYSTEM, SERVICE OR FACILITY BY ANY PERSON.

THE FOREGOING LIMITATION OF LIABILITY SHALL APPLY WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, CONTRIBUTION OR OTHERWISE AND WHETHER THE CLAIM IS BROUGHT DIRECTLY OR AS A THIRD PARTY CLAIM.

THE FOREGOING LIMITATION OF LIABILITY SHALL BE SUBJECT TO THE COMMODITY EXCHANGE ACT AND REGULATIONS THEREUNDER. A PARTY WHO HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN WILLFUL OR WANTON MISCONDUCT MAY NOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE.

B. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS (INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR USE) PROVIDED BY THE EXCHANGE, CBOT, NYMEX THE NEW YORK MERCANTILE EXCHANGE INC. OR CME ALTERNATIVE MARKETPLACE INC. (INCLUDING THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), THEIR OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS, AND LICENSORS RELATING TO ANY

SYSTEMS OR SERVICES OF THE EXCHANGE, CBOT OR CME ALTERNATIVE MARKETPLACE INC. OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, INCLUDING THE GLOBEX SYSTEM.

- C. ANY DISPUTE ARISING OUT OF THE USE OF EXCHANGE SYSTEMS OR SERVICES OF THE EXCHANGE OR CME ALTERNATIVE MARKETPLACE INC. OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES IN WHICH THE EXCHANGE, OR CME AUCTION MARKETS (INCLUDING EITHER OF THEIR SUBSIDIARIES AND AFFILIATES), OR ANY OF THEIR OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS OR LICENSORS, ~~OR EMPLOYEES~~ IS A PARTY SHALL BE ARBITRATED PURSUANT TO RULE 621. ANY ARBITRATION SHALL BE BROUGHT WITHIN THE PERIOD PRESCRIBED BY EXCHANGE RULES. ANY OTHER ACTIONS, SUITS OR PROCEEDINGS AGAINST ANY OF THE ABOVE MUST BE BROUGHT WITHIN TWO YEARS FROM THE TIME THAT A CAUSE OF ACTION HAS ACCRUED. THIS PARAGRAPH C SHALL IN NO WAY BE CONSTRUED TO LIMIT A PARTY'S OBLIGATION TO ARBITRATE ITS CLAIM OR TO CREATE A CAUSE OF ACTION AND SHALL NOT AUTHORIZE AN ACTION THAT WOULD OTHERWISE BE PROHIBITED BY CME RULES. IF FOR ANY REASON, A COURT OF COMPETENT JURISDICTION FINDS THAT SUCH DISPUTE IS NOT ARBITRABLE, SUCH DISPUTE MAY ONLY BE LITIGATED IN THE COUNTY OF COOK IN THE STATE OF ILLINOIS AND WILL BE GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT REGARD TO ANY PROVISIONS OF ILLINOIS LAW THAT WOULD APPLY THE SUBSTANTIVE LAW OF A DIFFERENT JURISDICTION.
- D. THE EXCHANGE, AND WITH RESPECT TO "AUCTIONS," CME ALTERNATIVE MARKETPLACE INC., MAY, IN THEIR RESPECTIVE SOLE DISCRETION, ASSUME RESPONSIBILITY FOR DIRECT, OUT-OF-POCKET LOSSES DIRECTLY CAUSED BY THE NEGLIGENCE OF GLOBEX CONTROL CENTER OR OTHER EXCHANGE STAFF AND/OR ORDER STATUS ERRORS PROVIDED BY THE GLOBEX CONTROL CENTER OR AN EXCHANGE SYSTEM, SERVICE OR FACILITY. NOTWITHSTANDING THE ABOVE, i) THE EXCHANGE'S; ii) CBOT'S; AND iii) WITH RESPECT TO AUCTIONS, CME ALTERNATIVE MARKETPLACE INC.'S TOTAL COMBINED AGGREGATE OBLIGATIONS SHALL NOT EXCEED \$100,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED ON A SINGLE DAY; \$200,000 FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND \$2,400,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED IN A SINGLE CALENDAR YEAR. ANY DISPUTED CLAIM PURSUANT TO THIS PARAGRAPH D MUST BE ARBITRATED PURSUANT TO EXCHANGE RULES. **[THE REFERENCE TO CBOT WILL BE ADDED TO THIS PARAGRAPH UPON GLOBEX MIGRATION]**
- E. IN NO EVENT SHALL THE EXCHANGE'S, CBOT'S, AND WITH RESPECT TO AUCTIONS, CME ALTERNATIVE MARKETPLACE INC.'S, TOTAL COMBINED AGGREGATE LIABILITY FOR ALL CLAIMS ARISING OUT OF ANY NEGLIGENCE, FAILURES, MALFUNCTIONS, FAULTS IN DELIVERY, DELAYS, OMISSIONS, SUSPENSIONS, INACCURACIES, INTERRUPTIONS, TERMINATIONS, ORDER STATUSING ERRORS OR ANY OTHER CAUSES, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE EXCHANGE'S, CBOT'S, OR CME ALTERNATIVE MARKETPLACE INC.'S SYSTEMS, OR SERVICES, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS AND SERVICES, OR THE NEGLIGENCE OF EXCHANGE OR CBOT STAFF, EXCEED \$2,400,000 IN ANY GIVEN CALENDAR YEAR.

IF THE NUMBER OF ALLOWED CLAIMS ARISING OUT OF ANY FAILURES OR MALFUNCTIONS ON A SINGLE DAY OR SINGLE MONTH CANNOT BE FULLY SATISFIED BECAUSE OF THE ABOVE DOLLAR LIMITATIONS, ALL SUCH CLAIMS SHALL BE LIMITED TO A PRO RATA SHARE OF THE MAXIMUM AMOUNT FOR THE RESPECTIVE PERIOD.

A CLAIM AGAINST THE EXCHANGE, CBOT, OR WITH RESPECT TO AUCTIONS, CME ALTERNATIVE MARKETPLACE INC., ARISING OUT OF ANY FAILURE OR MALFUNCTION SHALL ONLY BE ALLOWED IF SUCH CLAIM IS BROUGHT IN ACCORDANCE WITH THIS RULE.

579.

GLOBEX CONTROL CENTER

579.A. Customer Support

The Globex Control Center ("GCC") provides Globex customer support and problem management only to members, clearing members and customers designated by clearing members. In addition, designated NYMEX members and clearing members may also receive customer support and problem management from GCC with respect to contracts traded on Globex. In order to be eligible for GCC

support, such persons must register with the GCC ("Registered Contacts"). The GCC provides customer support via a specified telephone number and during specified hours. GCC employees may not always be available to assist Registered Contacts. Persons other than Registered Contacts, including non-members with Globex access pursuant to Rule 574, must contact their clearing members to make support requests.

579.B GCC Communications

As provided in Rule 578, the Exchange shall not be liable for any loss resulting from any inability to communicate with the GCC. The liability of the Exchange for the negligent acts of GCC staff shall be subject to the limitations and conditions of Rule 578. In no event, however, shall the Exchange be liable for the negligence of the GCC if the person claiming to have suffered a loss could have secured the support it sought from GCC through its own administrative terminal, its clearing member's terminal or an Independent Software Vendor's ("ISV") terminal. For purposes of this rule, a person is deemed able to take action through its own administrative terminal, a clearing member's terminal or an ISV's terminal unless such terminal was inoperative or such terminal service was interrupted at the time the GCC took action.

579.C Order Status

A person who believes he has received an incorrect order status or does not receive an appropriate status shall immediately notify the GCC. Additionally, such person shall take any necessary and appropriate market action to mitigate any potential losses arising from the incorrect order status or lack of appropriate order status immediately after the person knew or should have known that the order status information was incorrect or should have been received. Any liability of the Exchange for incorrect order status shall be subject to the limitations and conditions of Rule 578.

Notwithstanding the above, the Exchange shall not be liable for losses related to incorrect order status information if the Exchange provides prior notification that an Exchange system, service or facility may produce such incorrect information and also provides notification of a means to obtain correct order status information from such system, service or facility. In the event that the GCC and an Exchange system, service or facility provide conflicting information relating to an order status, a customer may only reasonably rely on the information received from the GCC. Any liability of the Exchange shall be subject to the liability caps and conditions of Rule 578.

579.D. Cancellation of Orders at Prices Outside of the Applicable Globex Price Limits

In certain circumstances, the price limits applicable to contracts traded on Globex may vary depending on the time of day. In this situation, it is possible for an order to be entered into the Globex system during one time period at a price that is outside of the price limit that applies during a subsequent time period. If this order remains in the system at the beginning of the subsequent time period, the system will freeze in the event a market order on the opposite side of the market is entered and there are no other resting orders against which it can be matched rather than allow the match to occur at a price outside of the applicable price limit. Accordingly, whenever the GCC becomes aware of a bid or offer in the Globex system for any contract that is outside of the applicable price limit, the GCC will cause such bid or offer to be cancelled and will promptly notify the affected Globex user of such cancellation.

580.

GLOBEX TRADE ALGORITHMS

1. Market orders that are entered into the Globex system shall be converted into limit orders at a price at or above (in the case of a buy order) or at or below (in the case of a sell order) the last price shown on the Globex system. Any part of such order that is not filled at the limit price or better shall remain as a resting order at such limit price until filled or cancelled.
2. Stop limit orders are activated and placed into the order book when the order's specified stop price is traded, at which time the order may be executed at the best available price at or between the specified limit price and the specified stop price. Any part of such order that is not filled shall remain as a resting order at such limit price until filled or cancelled.
3. If the execution of a stop order would result in an execution price that is above (below) the last traded price plus (minus) X ticks, the market shall be placed in a "reserved state." During the reserved state, orders may be entered, modified or cancelled but orders may not be executed. The Globex system will disseminate an "Indicative Opening Price" (IOP) during the reserved state representing the price at which the market could trade if the reserved state were to conclude immediately. If, at the conclusion of the initial reserved state period, the IOP is within a range bounded by the last traded price plus or minus two times (2x) X ticks, then normal execution of trades shall resume. If the IOP is outside such range, the market shall remain in a reserved state for a subsequent period. A series of reserved state periods shall ensue until either (i) the IOP is within a range bounded by the last traded price plus (minus) the number of reserved state periods,

plus one, times X ticks at the conclusion of such reserved state periods, at which point normal trading shall resume; or (ii) a total of twelve (12) reserved state periods are concluded, after which normal trading shall resume regardless of the opening price.

This process shall be applied to such markets as determined by the Exchange. The value X and the duration of a reserved state period shall be determined by the Exchange.

4. Unless otherwise specified by the Exchange, orders entered into the Globex system will be matched in accordance with an algorithm that gives first priority to orders at the best price and that gives priority among orders entered at the same price based on their time of entry into the system, with the first order entered receiving first priority, the second order entered receiving second priority, etc. (First In, First Out or "FIFO" Allocation Algorithm). The Exchange may use a different matching algorithm for particular contracts by giving written notice of such algorithm to members and firms using Globex at least ten days before use of such algorithm is implemented. See Interpretation of Rule 580—GLOBEX TRADE ALGORITHMS at the end of Chapter 5.
5. Request for quote ('RFQ') messages soliciting bids and/or offers for a contract or a combination of contracts traded pursuant to Rule 580 may be entered into the Globex system. Upon receiving the RFQ, the Exchange shall immediately disseminate the message as part of its market data dissemination. The Globex trade matching process will continue independent of the RFQ messaging activity.

581. GLOBEX LEAD MARKET MAKER PROGRAM

The Exchange shall establish a Globex Lead Market Maker Program to remain in effect for a period determined by Exchange staff. The Exchange shall establish the requirements and the number of participants eligible for the Lead Market Maker Program. Any individual or entity that is eligible for Globex terminals, pursuant to Exchange rules, is eligible to submit an application to Exchange staff to become a Globex Lead Market Maker. Exchange staff shall have the discretion to approve or deny an application based on the applicant's business reputation, financial resources and trading activity in relevant futures, options or related cash markets. Any individual or entity accepted into the program must comply with the conditions established by Exchange staff.

The Exchange may offer participants in the Lead Market Maker Program trading and financial incentives. Trading incentives may include the deployment of the Lead Market Maker Matching Algorithm in either of its formats as described in Rule 580 and Interpretations thereto.

582. GLOBEX SWITCH TRADE MATCHING ALGORITHM

The following Switch trade matching algorithm shall be applied to such markets as determined by the Exchange.

1. A Switch market is defined as a call market where:
 - a. A series of expirations for a specific contract, e.g. Three-Month Eurodollar futures, are available for trading;
 - b. For each session, all the trades of the same expiration shall be consummated at the same price, at the same time;
 - c. The prices at which trades are executed are derived from an algorithm or formula based upon prevailing prices in related markets, e.g. interpolated yield curve based upon quarterly and serial Three-month Eurodollar Futures and other related markets;
 - d. For each session and for each account, each contract bought shall be accompanied by a sale of a contract with a different expiration available for trading for the session, and each contract sold shall be accompanied by a purchase of a contract with a different expiration.
2. For the purpose of Rule 582, the Pricing Algorithm for a Switch market is defined as the algorithm or formula for determining the prices of each eligible contract for a Switch market trading session. Prior to operating a Switch market, the Exchange shall disclose the Pricing Algorithm and the method of determining the inputs to the Pricing Algorithm.
3. Orders shall be good only during the specific trading session for which they are entered. Unexecuted orders and any unfilled residuals of partially filled orders shall be cancelled following the conclusion of the trade matching process.

The Pricing Algorithm shall be used to identify a single contract price at which all executed orders for a particular contract expiration shall be filled. The Exchange shall disseminate the price of each contract expiration prior to the trade matching process by an interval X. Upon determination of prices for all contract expirations, valid orders are deemed to have bid and offer prices identical to the published prices as determined by the Pricing Algorithm. Order entry, modification and

cancellation shall be allowed until the commencement of the trade matching process.

The interval X and the price determination algorithm for each Switch market shall be determined and published by the Exchange.

4. The trade matching process will employ the following mathematical algorithm to match orders to buy and orders to sell. The algorithm maximizes, for the entire set of eligible expirations, the total number of contracts traded, subject to the constraint that, for each account, the total number of contracts bought is equal to the total number of contracts sold. If there are multiple possible allocations of the long and short positions that maximize the total number of contracts traded, the allocation with the broadest distribution across accounts shall be utilized. See Interpretation of Rule 582 – GLOBEX SWITCH TRADE MATCHING ALGORITHM at the end of Chapter 5.

583. DOMESTIC CROSS-EXCHANGE TRADING

583.A. Cross-Exchange Trading by Members of Other Domestic Exchanges in Contracts Listed on Globex

Individual members and clearing members of another domestic exchange that is participating in cross-exchange trading through Globex are eligible to obtain cross-exchange access, for proprietary and customer trading activity, to the contracts listed on Globex. The contracts may be listed on Globex either by the CME ("CME contracts") or by a domestic exchange other than CME ("Domestic Exchange contracts"). Such members and clearing members must (1) be authorized by CME to enter orders in CME contracts or Domestic Exchange contracts, as applicable, through Globex, (2) make an arrangement with an appropriate clearing member to clear any trades in CME contracts, (3) make an arrangement with a clearing member of the domestic exchange to clear any trades in such Domestic Exchange's contracts, and (4) abide by the Globex trading rules, policies and procedures of CME when trading CME contracts and Domestic Exchange contracts through Globex.

When an individual member or clearing member of a domestic exchange is found to have violated CME's Globex trading rules, CME may deny or suspend the privilege of cross-exchange trading of such individual member or clearing member.

583.B. Cross-Exchange Trading by Members of CME in Contracts Listed on Globex or Other Electronic Trading Systems by Participating Domestic Exchanges

Individual members and clearing members of CME may obtain cross-exchange access, for proprietary and customer trading activity, to Domestic Exchange contracts listed on Globex or the contracts of a domestic exchange listed on such domestic exchange's electronic trading system. Such members and clearing members must (1) be authorized by the domestic exchange to enter orders in that exchange's contracts either through Globex or through such domestic exchange's electronic trading system, (2) make an arrangement with a clearing member of such domestic exchange to clear any trades in Domestic Exchange contracts listed on Globex or contracts listed by that domestic exchange on its electronic trading system, and (3) abide by the Globex trading rules, policies and procedures when trading Domestic Exchange contracts listed by that domestic exchange on Globex or the rules of the domestic exchange when trading contracts on such domestic exchange's electronic trading system.

584. [RESERVED]

585. GLOBEX CALL MARKET TRADING ALGORITHM

The following Globex Call Market Trading Algorithm shall be applied to such contract markets as determined by the Exchange, including, but not limited to, the options on Eurodollar futures. This rule supersedes, if applicable, other Exchange rules governing trading on Globex, including, but not limited to, Rule 580 and its interpretations.

1. For the purpose of Rule 585:
 - a. an eligible contract means a contract deemed eligible to trade pursuant to the algorithm stipulated hereunder; an eligible combination of contracts means a combination of eligible contracts deemed eligible to trade pursuant to the algorithm stipulated hereunder;
 - b. an eligible combination of futures and options contract shall be defined by the quantity per combination of each option bought or sold by the combination buyer, and the net long or short futures positions per combination per contract month to be assumed by the combination buyer, with the futures prices for each month defined within the combination. The combination shall be quoted in terms of net options premium, with the futures traded at the defined price;
 - c. an eligible terminal means a device capable of transmitting to and receiving from Globex Requests For Quotes ("RFQ"), and sending order instructions in response to RFQs to Globex;
 - d. an RFQ means an electronic message soliciting bids and offers for a contract or a combination

of contracts;

- e. a trading session means a trading session in which Rule 585 applies. The hours of the trading session may be determined by the Exchange independent of the trading hours of the identical contracts not traded pursuant to this rule;
2. An RFQ for an individual eligible contract or an eligible combination of contracts may be entered into Globex through an eligible terminal. The RFQ shall be disseminated by Globex to all eligible terminals for the purpose of quote solicitation.
3. Following the dissemination of an RFQ, limit bids and limit offers for the specified contract or combination of contracts may be entered into Globex through an eligible terminal. In particular, the party initiating the RFQ may also enter orders. Globex shall not recognize any order other than limit orders.
4. Solicitation of bid(s) and/or offer(s) through private discussion for the purpose of establishing a market or improving the market for an eligible contract or an eligible combination of contracts shall be preceded by issuing an RFQ through an eligible terminal. Further, in such cases, the provisions of Rule 539.C Pre-Execution Discussions Regarding Globex Trades, remain applicable.
5. Trade matching occurs whenever tradable pair(s) of bid and offer can be identified in the order book. Trade matching shall be executed in accordance with an algorithm that gives first priority to orders at the best price. In the event that multiple orders with the same price are eligible to execute against an opposing order, an allocation algorithm shall be employed to match the trade. See Interpretation of Rule 585 – Globex Call Market Trading Algorithm at the end of Chapter 5. Unexecuted and partially executed orders shall remain in the order book until the conclusion of the trading session unless instructions to cancel the orders have been received.
6. Trades of eligible combination of contracts consummated pursuant to Rule 585 shall not trigger any conditional orders, e.g. stop orders, stop limit orders, MIT orders, etc., in the contract markets not trading pursuant to Rule 585.
7. The Exchange may establish Market Maker Programs specific to Globex Call Markets for specific sets of contracts. These programs may be deployed in conjunction with or independent of similar programs for identical contracts not traded pursuant to Rule 585 established pursuant to Rule 581.
8. In accordance with a Market Maker Program, designated Lead Market Makers may be required to regularly provide price indications for some contracts or combinations of contracts eligible for trading pursuant to Rule 585. These price indications are provided for informational purposes only and shall not be construed as actual bids or offers for the contracts. In response to any RFQs, Market Makers may enter bids or offers at any price, irrespective of what price indication the Market Maker may have provided prior to the RFQ.

586. GLOBEX FOREIGN EXCHANGE FACILITY

The Exchange may establish a Globex Foreign Exchange Facility ("GFX") to make markets in currency futures contracts listed on the Exchange and to engage in hedging transactions in the interbank spot and forward foreign exchange markets. Employees of the GFX may use Globex terminals to enter orders in Exchange currency futures. Such employees must be identified to the Exchange as Globex terminal operators in accordance with Rule 576 and shall be subject to the rules of the Exchange that relate to Globex trading. All transactions in Exchange currency futures effected by the GFX shall be cleared through a clearing member, and the GFX shall be a customer of such clearing member.

587. PHANTOM ORDERS

587.A. Definition

A phantom order is an order: 1) that was not authorized by any person but was caused by a failure, malfunction or negligent operation of Globex or any other Exchange system, service or facility, or 2) whose terms (e.g., contract, contract month, quantity, price or direction) were changed without authorization of the person placing the order solely as a result of a failure, malfunction, or negligent operation of Globex or any other Exchange system, service or facility.

587.B. Permissible Responses

If the Exchange has reason to believe that phantom orders have been or are being entered into and/or executed on any Exchange system, service or facility, the Exchange shall be empowered to take appropriate action with respect to any affected market, including without limitation, closing the market, deleting bids and offers, and/or suspending new bids and offers.

The Exchange shall promptly give notice that all Globex transactions that were directly or indirectly caused by the execution of phantom orders and were executed at prices outside of the no-bust range,

as determined in accordance with Rule 588, shall be voided. The Exchange shall have no liability or responsibility to the parties to any transactions that are voided pursuant to this paragraph.

The Exchange shall also be empowered to void Globex transactions that were directly or indirectly caused by the execution of phantom orders and were executed at prices within the no-bust range or phantom orders that were executed in the pit if the Exchange concludes that such transactions impair the integrity of the market. The Exchange's liability for voiding transactions within the no-bust range or voiding transactions executed in the pit is limited as provided in paragraph C.

587.C. Limitation of Liability

Any liability of the Exchange for transactions voided by the Exchange that are within the no-bust range shall be subject to the limitations and conditions of Rule 578.

If phantom order transactions executed on the Globex system, by open outcry in the pit, or by means of any other Exchange system, service or facility, are not voided, the person who traded opposite a phantom order shall have no recourse against the Exchange. The gain or loss on the liquidation of positions resulting from execution of such phantom orders shall be the Exchange's responsibility. The Exchange shall promptly direct the member or clearing member carrying such positions to liquidate them in a commercially reasonable manner. Such member or firm shall liquidate within 30 minutes of such notification or within 30 minutes of the time it knew or should have known that it had been assigned transactions resulting from phantom orders, whichever is sooner. The Exchange's liability to such person shall be limited to the prices at which the positions could have been liquidated during the relevant time period.

588. GLOBEX TRADE CANCELLATIONS

588.A. Globex Control Center Trade Cancellation Authority

The following policy shall be applied to balance the adverse effects on market integrity of executing trades and publishing trade information inconsistent with prevailing market conditions while preserving legitimate expectations that executed transactions will not be cancelled. The Exchange's trade cancellation policy authorizes the Globex Control Center ("GCC") to mitigate market disrupting events caused by the improper or erroneous use of the Globex system or by system defects by adjusting trade prices or canceling ("busting") trades. Notwithstanding any other provisions of this rule, the GCC may also adjust trade prices or cancel any trade if the GCC determines that failure to adjust the price or cancel the trade may have a material, adverse effect on the integrity of the market. The decision of the GCC shall be final.

588.B. Review of Trades

The GCC may review a trade based on its analysis of market conditions or a request for review by a Globex user. A request for review must be made within eight minutes of the trade occurring. The GCC shall promptly determine whether the trade will be subject to review. In the case of illiquid contracts, the GCC may initiate a review up to one hour after the trade occurred. Promptly after deciding to review a trade, the GCC will issue an alert indicating that the trade is under review.

588.C. Trade Price Adjustment and Cancellation Process

The GCC will first determine whether the trade price is within the No Bust Range for the contract pursuant to Section K. During fast market conditions, upon the release of significant news events, or in other circumstances in which the GCC determines it is appropriate, the GCC may temporarily double the published No Bust Range without prior notice. In applying the No Bust Range, the GCC shall determine the actual or implied market price for that contract immediately before the trade under review. The GCC may consider any relevant information, including but not limited to the existing market conditions, the volatility of the market, the prices of related instruments in other markets, the last trade price on Globex, a better bid or offer price, a more recent price in a different contract month, the price of the same or related contract established in open outcry trading, theoretical value of an option based on the current (most recent) implied volatility, "RFQs," and any other factors that the GCC deems relevant.

1. Trade Price Inside the No Bust Range

If the GCC determines that the price of the trade was inside the No Bust Range, the GCC will promptly issue an alert indicating that the trade shall stand.

2. Trade Price Outside the No Bust Range

a. Implied-Eligible Contracts

If the GCC determines that a trade price is outside the applicable No Bust Range for an implied-eligible contract, the trade price shall be adjusted to a price that equals the actual or implied market price for that contract at the time of the questioned trade, plus or minus the standard or doubled No Bust Range, as may be applicable. The GCC will promptly issue an

alert indicating that the prices of the trades outside the No Bust Range have been adjusted to the No Bust Range limit.

For example, if the standard No Bust Range for Eurodollars or LIBOR is 2.5 points above and below the market price and the doubled No Bust Range was in effect at the time of the transactions, all trade prices outside the doubled No Bust Range shall be adjusted to the applicable No Bust Range limit, i.e., 5 points above or below the market price.

b. All Other Futures and Option Contracts

If the GCC determines that the trade price is outside the No Bust Range for a non-implied-eligible contract, the GCC shall bust the trade. The GCC will promptly issue an alert indicating that trades outside the No Bust Range have been busted.

Notwithstanding the above, trades consummated pursuant to Rule 585 that are determined by the GCC to be outside the No Bust Range will stand, and a reciprocal trade negating the original trade will be consummated by means of a "type 8 transfer."

3. Liability for Losses Resulting from a Price Adjustment or Trade Bust

a. Implied Eligible Contracts – Adjusted Stop Orders

A party responsible for an order(s) that results in a trade price adjustment shall be liable for actual losses incurred by persons whose stop orders were elected as a result of the order(s). The compensable loss on each futures contract executed as part of a stop order shall be the difference between the adjusted price, as determined by the GCC, and the price in the market at the time the person knew or should have known that his stop order was erroneously elected.

b. Implied Eligible Contracts – Adjusted Spread Trades

A party responsible for an order that results in a trade price adjustment shall not be liable to persons whose spread orders were executed and adjusted unless the adjusted execution price of the spread is less favorable than the market equilibrium spread price for the relevant spread. The liability of the party responsible for an order that results in a price adjustment shall be limited to the difference between the adjusted price and the equilibrium market price, but shall not exceed the relevant No Bust Range.

c. Implied Eligible Contracts – Other Transactions

A party responsible for entering an order that results in a trade price adjustment shall not be liable for losses incurred by persons whose trade prices were adjusted, except as provided in 3.a. and 3.b. above.

d. All Other Futures and Options Contracts

A party responsible for an order that results in a trade bust may be liable for the reasonable out-of-pocket losses incurred by persons whose trades were busted or persons whose stop orders were elected and not busted. Issues of liability in such cases will be determined based upon all relevant facts and circumstances, including the conduct of the respective parties. All claims in connection with such losses must be pursued under the applicable rules of Chapter 6.

588.D. Claim Process

A claim for a loss pursuant to Sections C.3.a. and b. must be submitted to the Exchange, on an Exchange claim form, within five business days of the price adjustment or the election of the stop. The Exchange shall reject any claim that is not permitted by Section C. Such decision shall be final. All claims, which are not rejected by the Exchange, shall be forwarded to the party responsible for the order(s) that results in a trade bust or a price adjustment and to the clearing member through which the trade was placed. Such party, or the clearing member on behalf of the party, shall within ten business days of receipt of the claim admit or deny responsibility in whole or in part. The liability for losses for a single incident shall be limited to \$500,000.

To the extent that liability is admitted, payment shall be made within ten business days. If liability is admitted but the total claims exceed \$500,000, the claims shall be reduced pro rata so that the total payment does not exceed \$500,000. To the extent that liability is denied, the claims shall be submitted to arbitration in accordance with Rule 622.

588.E. Trade Cancellation or Offset Procedures

Upon a determination by the GCC that a trade shall be busted or that trade prices shall be adjusted, that decision will be implemented. The busted trade price and any price quotes that have been adjusted will be reflected as cancelled in the Exchange's official record of time and sales. Time and sales will reflect the trades at the adjusted price.

If the trade is not busted, the parties to the transaction cannot reverse the transaction by using a "type 8

transfer" except as provided in Section C.2.b. and Section F. Additionally, if the trade is not busted, the parties may not reverse the trade by entering into a prearranged offsetting transaction unless the reversal is effected in accordance with Rule 539.C.

588.F. "Type 8 Transfers"

Positions that result from a trade determined by the GCC to be outside the No Bust Range that cannot be busted because the trade was not reported within eight minutes of the trade occurring may be transferred between the parties using a "type 8 transfer" upon agreement of the parties. The transfer must use the original trade price and quantity. Any party may, but is not required to, include a cash adjustment to another party to the trade. Trades determined by the GCC to be inside the No Bust Range may not be reversed using a "type 8 transfer."

588.G. Arbitration of Disputes Regarding "Type 8 Transfers"

If a party does not agree to transfer a position pursuant to Section F., any other party to the trade may file an arbitration claim against the member or clearing member representing the other side of the trade. Written notice of such claim must be provided to the Exchange within five business days of the trade occurring. Failure to file the claim within five business days shall be deemed a waiver of all claims. The arbitration claim will be dismissed by the Exchange if the owner of the account on the other side of the trade is not deemed a Member as defined in Rule 400 or a person otherwise subject to the Exchange's jurisdiction. If not dismissed, the arbitration claim will be conducted in accordance with Rule 622.

In deciding the claim, the Arbitration Committee may consider, among other factors, the reasonableness of the actions taken by each party and what action the party on the other side of the error trade took before being notified that the trade was being questioned.

588.H. Voluntary Adjustment of Trade Price

When a trade outside of the No Bust Range is busted in accordance with this rule, the parties to the trade may agree voluntarily to reestablish the trade but to adjust its price and make a cash adjustment provided that all of the following conditions are met:

1. The GCC approves the adjustment.
2. The quantity of the position being reestablished is the same as the quantity of the trade that was busted.
3. In the case of a trade below the actual or implied market price, the adjusted price must be the lowest price that traded at or about the time of the trade without being busted. In the case of a trade above the actual or implied market price, the adjusted price must be the highest price that traded at or about the time of the trade without being busted.
4. The parties to the adjusted trade must report it to the clearing system using a "type 8 transfer" with a "G" transfer code not later than the close of business on the business day after the trade occurred.

588.I. Busting Trades After System Freeze

In the event that the matching engine freezes with live orders in the queue waiting to be matched, such orders may be matched when the system is unfrozen before the GCC can halt the matching engine. The GCC is authorized to bust trades resulting from such matches if the price of such trades is outside of the No Bust Range at the time that a confirmation of the trades was sent.

588.J. Schedule of Administrative Fees

When GCC busts a trade, the party responsible for entering the order into Globex that gave rise to the trade bust shall pay an administrative fee to the Exchange in accordance with the following schedule. The fee is \$250 for each of the first five occasions in a calendar year where a party's order entry results in a trade bust, \$500 for each of the next three occasions within the same calendar year where a party's order entry results in a trade bust, and \$1,000 for each subsequent occasion within the same calendar year where a party's order entry results in a trade bust.

If a non-member customer responsible for entering an order into Globex that results in a trade bust fails to pay the fee in accordance with this section, the clearing member carrying the customer's account shall be responsible for payment of the fee.

588.K. Globex No Bust Ranges

<u>Futures</u>	<u>No Bust Range</u>
Eurodollar, E-mini Eurodollar and LIBOR	2.5 basis points or less
E-mini Eurodollar Bundle	2.5 basis points or less
Euroyen	2.5 basis points or less

<u>Futures</u>	<u>No Bust Range</u>
T-Bills	5 basis points or less
Swaps	5 basis points or less
CME Lehman Brothers U.S. Aggregate Index	2.00 index points or less
Eurozone HICP Futures	25 basis points or less
Currency Futures (except British pound and Mexican Peso)	20 ticks or less
British Pound Futures and Mexican Peso Futures	30 ticks or less
Spot FX	20 pips or less
S&P 500 and E-mini S&P 500	6.00 index points or less
S&P Citigroup Growth	4.00 index points or less
S&P Citigroup Value	4.00 index points or less
S&P Midcap 400 and E-mini S&P Midcap 400	4.00 index points or less
S&P Smallcap 600 and E-mini S&P Smallcap 600	4.00 index points or less
E-Mini S&P Asia 50	12.00 index points or less
E-Mini MSCI EAFE	12.00 index points or less
E-Mini MSCI Emerging Markets	12.00 index points or less
S&P 500 Depository Receipts	0.60 index points or less
Russell 2000 and E-mini Russell 2000	4.00 index points or less
E-mini Russell 1000	4.00 index points or less
iShares Russell 2000	0.40 index points or less
Nasdaq-100 and E-mini Nasdaq-100	12.00 index points or less
E-mini Nasdaq Composite	12.00 index points or less
E-mini Nasdaq Biotechnology	12.00 index points or less
Nasdaq-100 Index Tracking Stock	0.30 index points or less
Nikkei 225 (\$ and ¥)	60.00 index points or less
FTSE / Xinhua China 25	100 index points or less
S&P 500 Technology SPCTR	3.00 index points or less
S&P 500 Financial SPCTR	3.00 index points or less
Housing Futures	2.00 index points or less
TRAKRS Futures	25 cents or less
Goldman Sachs Commodity Index	2.50 index points or less
CME Weather	25.00 index points or less
Weekly Average Temperature Index	1 degree or less
CME Snowfall	50 ticks or 5 inches
Carvill Hurricane Index	0.50 index points or less
Carvill Hurricane Index Seasonal	0.50 index points or less
Carvill Hurricane Index Seasonal Maximum	0.50 index points or less
Credit Index Event Futures	10 basis points or less
Lean Hogs	\$0.0050 per pound or less
Live Cattle	\$0.0050 per pound or less
Feeder Cattle	\$0.0050 per pound or less
Pork Bellies	\$0.0050 per pound or less
Butter (Cash-Settled)	\$0.0075 per pound or less
Milk	\$0.20 per cwt. or less
Dry Milk	\$0.00750 or less
Dry Whey	\$0.00750 or less
Softwood Pulp	\$15.00/Tonne or less
NYMEX Crude Oil and NYMEX miNY Crude Oil	\$0.25 or less
NYMEX Brent	\$0.25 or less
NYMEX REBCO	\$0.25 or less
NYMEX Heating Oil and NYMEX miNY Heating Oil	\$0.01 or less
NYMEX Gulf Coast ULSD	\$0.01 or less

Futures

NYMEX New York ULSD	\$0.01 or less
NYMEX Gulf Coast Gasoline	\$0.01 or less
NYMEX Singapore 380 Fuel Oil	\$2.00 or less
NYMEX RBOB Gasoline and NYMEX miNY RBOB Gasoline	\$0.01 or less
NYMEX Natural Gas and NYMEX miNY Natural Gas	\$0.05 or less
NYMEX Natural Gas (last-day) futures	\$0.05 or less
NYMEX Propane	\$0.01 or less
NYMEX Uranium	\$2.50 or less
NYMEX Ardour Global Index	12.5 index points or less
COMEX Gold and miNY Gold	\$4.00 or less
COMEX Asian Gold	\$0.40 or less
COMEX Silver and miNY Silver	\$0.10 or less
NYMEX Platinum	\$10.00 or less
NYMEX Asian Platinum	\$0.40 or less
NYMEX Palladium	\$5.00 or less
NYMEX Asian Palladium	\$0.40 or less
COMEX Copper and miNY Copper	\$0.02 or less
COMEX London Copper Grade A	\$40.00 or less
COMEX Aluminum	\$0.01 or less
COMEX London Primary Aluminum	\$40.00 or less
COMEX London SHG Zinc	\$40.00 or less
NYMEX Cocoa	\$40.00 or less
NYMEX Coffee	\$0.01 or less
NYMEX Cotton	\$0.008 or less
NYMEX FCOJ	\$0.025 or less
NYMEX Sugar 11	\$0.0035 or less
NYMEX CAT Risk	50.00 index points or less

Futures Combinations

Eurodollar Combinations & E-mini Eurodollar Bundles	2.5 basis points or less
Non-Eurodollar, Non-Implied Eligible, Intra-Commodity Futures Spreads	5 ticks or less
Implied Eligible Inter- and Intra-Commodity Futures Spreads	Same as the no bust range of the individual legs
Inter-Commodity Futures Spreads	The wider of the no bust ranges of the two individual legs

Options on Futures

<u>Interest Rate Options</u>	<u>No Bust Range</u>
All Eurodollar Covered Strategies	1 basis point
Prices below or equal to 5 basis points	1 basis point
Prices greater than 5 through 15 basis points	1.5 basis points
Prices greater than 15 through 25 basis points	2 basis points
Prices greater than 25 basis points	2.5 basis points
Interest Rate Options Combinations (Deltas greater than 50%)	2.5 basis points
 <u>Equity Index Options</u>	
Any premium level.	20% of premium (up to 3.00 index points with a minimum of 1 tick) or less

Currency Options

Futures

Any premium level

No Bust Range

20% of premium (up to 10 ticks with a minimum of 1 tick) or less

Commodity Options

Any premium level

20% of premium not to exceed ½ the No Bust Range of the underlying futures contract or less

NYMEX Energy Options

Any premium level

20% of premium not to exceed ½ the No Bust Range of the underlying futures contract or less

COMEX Metals Options

Any premium level

20% of premium not to exceed ½ the No Bust Range of the underlying futures contract or less

(End Chapter 5)

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

ACCESS, CONDUCT AND APPEARANCE CODE

~~Chicago Mercantile Exchange Inc. ("CME") is one of the world's major financial institutions and as such is highly visible. Therefore, it is imperative that persons who~~ those that utilize the CME 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 CME each year, but also to maintain and enhance the reputation and dignity of the Exchange CME as an international marketplace.

~~Accordingly, the Exchange Board of Directors 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, clearing-member firm employees, Exchange employees and visitors.~~

I. Access

- A. ~~To gain access to the trading floor, every member, member's employee, clearing member firm employee, and Exchange employee must wear an identification badge provided by the Exchange, and must use only his or her own personal access card to pass through the turnstiles leading to the trading floor entrance. (There is an automatic minimum \$250 fine for unauthorized use of someone else's access card or for circumventing normal turnstile access procedures by members or their employees.)~~ 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. Members must display the engraved badge provided by the Exchange. 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. ~~Members may not request trading floor access privileges for the same visitor on more than three days of the same calendar month without the special permission of the designated Exchange staff of the Security Department.~~ the President of the Exchange

or his designee.

- D. No one under the age of 16 will be admitted to the trading floor during trading hours.
- E. Visitors are prohibited from soliciting employment or from acting performing as employees of members, clearing members, firms or the Exchange on the trading floor.

II.

Conduct

Commonly accepted standards of propriety and decorum apply to everyone on the trading floor. ~~Because~~ The following behavior, speech or actions ~~are inconsistent with those standards, they~~ 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 ~~(automatic fine)~~. Individually-wrapped (non-chocolate) hard candy and gum, however, are permissible. ~~It is also permissible for members to transport food immediately from the trading floor entrance directly to the members' breakroom;~~
- C. ~~Sitting on the steps of a pit while trading is open in that quadrant, or sitting on the floor or sitting or standing on cabinets, tables, desks, trash containers, etc., at any time;~~
- D. ~~Reckless~~ Throwing of trading cards in any manner or for any purpose (minimum \$400 fine) or throwing of any other material;
- DE. Excessive speed or rudeness in moving around the trading floor;
- EF. Use of emergency exits without proper justification;
- G. ~~Use of radios (except for Walkman type devices used to receive market-related programming over CME-designated frequencies), television sets, tape recorders, cellular telephones or computers, (the last without prior written authorization from the Trading Floor Operations Committee). However, the use of pagers will be permitted provided the pagers: 1) are "receive only" devices (are not capable of transmitting data); 2) are not used to receive any orders; and 3) are FCC licensed;~~
- H. ~~Whistling;~~
- I. ~~Card playing, electronic games;~~
- FJ. Smoking or use of tobacco products, including chewing tobacco, except where explicitly permitted (automatic fine). (Members and employees are only permitted to smoke in the 5th floor employees' east breakroom);
- GK. Use of members-only facilities breakrooms and restrooms by non-members;
- HL. ~~Use by non-members of equipment designated for members only, and f~~ Failure to give member priority to quotation machines, news tickers, monitors and other facilities so designated;
- IM. Engaging in any activity that is disruptive to trading ~~Use of any implement or equipment in or near a pit that creates an obstruction to trading;~~
- JN. The sale or solicitation of any product, goods or services, whether for profit or for charitable purposes, without prior written consent of the Exchange President or his designee;
- KO. ~~Having~~ Carrying outer coats or umbrellas onto the trading floor; and
- LP. Use of cameras or video equipment, unless authorized by the accompanied by an Exchange staff member. Flash photography, however, is never permitted.
In addition, the following activities are prohibited anywhere on Exchange CME premises:
- MQ. 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);
- NR. 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;
- OS. Defacing or otherwise damaging ~~(automatic minimum \$250 fine)~~: 1) an Exchange-issued badge or jacket; 2) Exchange facilities or property; or 3) any facility or property regardless of ownership;

- ~~PT.~~ Possessing a firearm or other weapon (except that pepper spray and pocket knives may be brought onto ExchangeCME premises, so long as they are not carried onto the trading floor);
- ~~QU.~~ Discarding refuse on escalators or in elevators or in hallways or lobbies;
- ~~RV.~~ Smoking, ~~except where explicitly permitted;~~
- ~~W.~~ Carrying open containers of food or drink on escalators or in elevators; ~~and~~
- ~~SX.~~ Consuming food or drink in the trading floor lobbies; ~~and~~
- ~~T.~~ Sexual harassment is expressly prohibited. Sexual harassment consists of unlawful verbal or physical conduct directed at a person when that conduct is based on that person's sex and has a substantial adverse effect on him or her in the workplace. Such conduct includes, but is not limited to, i) requests for sexual favors, ii) verbal, written or graphic communications of a sexual nature, and iii) patting, pinching, hitting or any other unnecessary contact with another person's body or threats to take such action.

III.

Appearance

- A. All apparel should be neat, clean, presentable and in keeping with the businesslike atmosphere of the trading floor.
- B. Jackets: Every member, member's employee, ~~clearingmember~~ firm employee and ExchangeCME trading floor employee must wear a jacket provided by the ExchangeCME or their employer, or, in the case of members, a jacket of their own choosing. All jackets must if it conforms with to ExchangeCME standards. Jacket sleeves may not be rolled up above the elbow. Guests may not wear trading jackets on the trading floor during trading hours.
- C. Shirts and ties: All ~~malesmen~~ must wear shirts with a ~~conventional~~ collar suitable for a necktie or bow tie. Shirts must be buttoned to at least the ~~first~~second button from the collar ~~button~~. Golf-type shirts are permitted. Three-button shirts with hard collars are acceptable. The following kinds of shirts are not acceptable: tennis shirts, sweatshirts, tie-dye shirts and T-shirts. Shirttails must be tucked in. Turtleneck sweaters are not allowed for ~~males~~. Crewneck sweaters are allowed if a conventional collar suitable for a necktie or bow tie is visible.
- D. Shoes: Shoes must be clean, safe and not torn or frayed. Athletic shoes that meet these criteria are acceptable. The following footwear is specifically prohibited ~~and is indicative of footwear that is unacceptable~~: sandals or flip-flops, canvas slippers, moccasins, work boots, snow boots, rubber boots, rubber overshoes, fur boots, clogs, bedroom slippers, platform shoes and shoes without backs. All shoes must be tied with laces or appropriately fastened. Pants may be tucked into boots that are mid-calf height or lower; boots higher than mid-calf height must be worn under pants, skirts or dresses.
- E. Pants: The following are not acceptable: blue jeans, fatigues, stone-washed corduroys, tie-dyed pants, leisure pants, mid-calf pants, shorts, sweat pants, athletic pants, pants with stripes on the sides, pants with patch ~~pockets~~, ~~pants with~~ bulging pockets, ~~pants with~~ decorative zippers or work loops, and leg warmers. 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. The following are prohibited: hats, scarves or similar head coverings (except for religious or medical reasons), caps, headbands and sweatbands.
- H. Miscellaneous: Sunglasses, whether worn as glasses or on top of the head, are not allowed, nor are ornaments, pendants or similar items that are distracting or not businesslike. Anyone wearing clothing that draws unusual attention (e.g., bare midribs or revealing blouses, dresses, skirts or pants) will not be admitted to the trading floor.

IV.

Drug and Alcohol Abuse

In order to maintain a safe, healthful, and productive working environment, the ExchangeCME 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 ExchangeCME premises:

- A. Possession of open containers or use of alcohol, except as expressly authorized by the ExchangeCME.
- B. Being under the influence of alcohol on ExchangeCME premises.
- C. Use, sale, purchase, transfer, or possession of any illegal drug on ExchangeCME premises.
- D. Failure on the part of non-members to submit to a reasonable search by authorized ExchangeCME personnel of lunch boxes, bags, parcels, packages, purses, briefcases, pockets or coats, etc.

ALL MEMBERS AND CLEARING-MEMBER FIRMS SHALL BE RESPONSIBLE FOR THEIR EMPLOYEES' ADHERENCE TO THESE REQUIREMENTS.

QUOTATION CHANGES PROCEDURES

(Revised March 1997; July 1999)

I. GENERAL QUOTATION CHANGE PROCEDURES [THE CHANGES WILL BE ADOPTED IN CONNECTION WITH THE COMPLETION OF NECESSARY SYSTEM CHANGES IN CONSULTATION WITH SENIOR TRADING FLOOR STAFF]

A. NON-FAST MARKETS

1. On-Screen Corrections requested up to 15 minutes from the time the bid, offer or trade occurred or reportedly occurred: Changes must be authorized by a One member of the local Pit Committee member and/or an one Exchange Supervisor employee.

2B. On-Screen Corrections requested more than over 15 minutes from the time the bid, offer or trade occurred or reportedly occurred and All Off-Screen Corrections: Changes must be authorizedeconsidered by:

a1. 15-30 15 Minutes (On-Screen) and 0-30 Minutes (Off-Screen): A Pit Committee Vice-Chairman or his designee, a member of the Pit Committee and one Exchange Supervisor. Three local Pit Committee members (five local Pit Committee members in the S&P 500 futures pit) one of whom must be a Pit Vice-Chairman or his or her designee, and the local Pit Supervisor.

b. 15-30 Minutes: Four local Pit Committee members, (five local Pit Committee members in the S&P 500 futures pit) one of whom must be a Pit Vice-Chairman or his or her designee, and the local Pit Supervisor, and a Pit Supervision Committee member.

e2. Over 30 Minutes: A Pit Committee Vice-Chairman or his designee, a Floor Conduct Committee member and a Senior Exchange Official. Four local Pit Committee members, (five local Pit Committee members in the S&P 500 futures pit) one of whom must be a Pit Vice-Chairman or his or her designee, and the local Pit Supervisor and two Pit Supervision Committee members.

3. Pit Supervision Committee members are authorized to increase the number of Pit Committee members that are needed to authorize a quote change.

4C. Unanimous Approval Required: Unanimous approval among the individuals if more than one local Pit Committee member or a Pit Supervision Committee member participating in the quote change consideration is required to effectuate the requested change. In the absence of unanimitydissents, the proposed quote adjustment or consideration failsshall not be made.

5D. A request for a quote change which results in presents a new high or low for the day must be made within 5 minutes (futures) or 10 minutes (options) of the time the bid, offer or trade occurred or reportedly occurredquote is posted. A request for a quote change which affects an established opening range at the time the quote is posted (or should have been posted) 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 105 minutes of the posting of the closing range. Such requests shall be considered by a Pit Committee Vice-Chairman or his designee, a Floor Conduct Committee member and a Senior Exchange Officialat least two Pit Committee members. 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 or futures contracts 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 Pit Committee Vice-Chairman or his designee, a Floor Conduct Committee member and a Senior Exchange Official at any time during the same day's trading session. However, this requirement shall not apply to those options strikes which the local Pit Committee deems to be inactive, nor to those futures contracts which a co-chairman of Pit Supervision deems to be inactive, nor to declared fast market situations (see Section B below).

- 6E. 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.

- F7. 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 65 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 only by the same individuals Pit Committee members who ruled on, or failed to reach a timely resolution of, the original request, and, in addition, would require the approval of a Pit Supervision Committee member. In the event one or more of the individuals Pit Committee members who participated in the consideration of the original quote change request is unavailable to consider the request for reconsideration, a Senior Exchange Official Pit Supervision Committee member shall designate a substitute. However, this reconsideration process may not be utilized for a correction involving a quote change which results presents in a new high or low for the day, with the exceptions of option strikes or futures contracts deemed by a Senior Exchange Official to be inactive or illiquid, or in declared fast markets, inactive option strikes (as so deemed by a local Pit Committee member) and inactive futures contracts (as so deemed by a co-chairman of Pit Supervision).

B. FAST MARKETS

1. On Screen Corrections up to 15 minutes: One local Pit Committee member and one Exchange employee.
2. On Screen Corrections over 15 minutes and Off Screen Corrections must be considered by:
 - a. Up to One Hour: Four local Pit Committee members, (five local Pit Committee members in the S&P-500 futures pit), the local Pit Supervisor and the local Pit Vice-Chairman.
 - b. Over One Hour: Four local Pit Committee members, (five local Pit Committee members in the S&P 500 futures pit), the local Pit Supervisor and the local Pit Vice-Chairman and a Pit Supervision Committee member.

In either case above, if the local Chairmen are absent, one of the other Pit Supervision Committee members may be substituted.
3. Approval Required: If more than one local Pit Committee member, or if the Pit Supervision Committee member participating in the quote change consideration dissents, the proposed quote adjustment or consideration fails.
4. Reconsideration: Once a request for a particular quote change has been resolved, a subsequent request for reconsideration involving the original quote or adjustment may be considered only by the same Pit Committee members who ruled on the original, and, in addition, would require the approval of a Pit Supervision Committee member. In the event one or more of the Pit Committee members who participated in the consideration of the original quote change is unavailable to consider the request for reconsideration, a Pit Supervision Committee member shall designate a substitute.
5. 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.

GC. OPTION SPREADS AND COMBINATIONS

If an 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 and the

insertion of the quote would not affect an opening or closing range or a high or low, the Time and Sales record of the affected trade data may be corrected by inserting the missing options spread or combination quote at any time prior to the opening of the affected market the next day, provided all of the following requirements are satisfied:

1. The trade was executed at a differential;
2. The parties to the trade can reasonably show that they properly called out the options spread or combination and had a reasonable basis for believing that the trade would be posted;
3. 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; ~~and~~
4. The change is authorized by a Pit Committee Vice-Chairman or his designee, a Floor Conduct Committee member and a Senior Exchange Official~~Three members of the local Pit Committee, one of whom must be a Pit Vice-Chairman, and the Chairman of the Pit Supervision Committee, or, in his or her absence, one of the Vice-Chairmen of the Pit Supervision Committee, must approve the modification to Time and Sales and each such modification must be documented pursuant to section II.B. below; and~~
5. The change is documented pursuant to Section II.B below.

II. DOCUMENTATION NEEDED FOR QUOTATION CHANGES

- A. In the case of on-screen quote changes, a record shall be made of ~~the all Pit Committee members or Exchange employees~~ approving the quote change and the change will be recorded on Time and Sales.
- B. In the case of off-screen quote changes, a hard copy record of the quote change shall be made by ~~Exchange~~the staff. The ~~individuals Pit Committee members and the Supervisor~~ 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 request for a change over 30 minutes from the time the bid, offer or trade occurred or reportedly occurred~~time change~~, the reason for the delay. The quotation change will be recorded on Time and Sales, ~~and a text message will be promptly be disseminated reporting the change.~~

III. CONFLICTS OF INTEREST

No Pit Committee or Floor Conduct Committee member 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 REVIEW OF QUOTATION CHANGES

- A. ~~The Pit Supervision Committee shall review, upon request only, quote changes taking place within thirty (30) minutes of the trade, and will automatically review all changes taking place thirty or more minutes after the trade.~~
- B. ~~The maintenance and presentation of these records to the Committee will be the responsibility of the staff of the trading Floor Department.~~

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 the quotation change will be recorded on Time and Sales.

INTERPRETATION OF RULE 580.— GLOBEX TRADE ALGORITHMS

Pro Rata Allocation Algorithm

The Exchange has determined to use a Pro Rata Allocation Algorithm to match orders in Eurodollar futures, Euroyen futures and One-Month LIBOR futures contracts entered in the Globex Electronic Trading System. Unless specifically referenced in this Interpretation, all other futures and options contracts, including Eurodollar options, will continue to use the default matching algorithm based on

price and time priority. Eurodollar futures contracts were chosen to use the Pro Rata Allocation Algorithm because they usually trade in a narrow price range, and each price level is represented by size. The Pro Rata Allocation Algorithm operates as follows:

- After the opening, Time Priority is assigned to the first order at a price that betters the market when the order is received (the "TOP order"). Only one buy order and one sell order can have Time Priority at any given time. Orders with Time Priority (TOP orders) are matched first regardless of size.
- An order will lose Time Priority when an order at a better price is entered. Example: An order to buy 50 contracts is entered at 105. This order is the first order in at this price level. Another order comes in and betters the market, buy 25 contracts at 106. The order at the 106 level has Time Priority now and is the TOP order. The market sells off and the bid for 25 contracts at 106 is hit. The bid for 50 contracts at 105 does not regain its Time Priority and will be allocated according to size along with all the other 105 bids.
- After the Time Priority or TOP order is filled, the Pro Rata Allocation Algorithm is applied to the remainder of the resting orders at that price level. The Algorithm will attempt to match quantities to orders in proportion to the size of each order. Example: There are orders to buy 10 and 20 contracts at the same price, and neither order has Time Priority. A sell order for 15 contracts at that price is entered. The Algorithm will match the sell order against the buy orders so that 50% of each buy order is matched. The minimum quantity the Pro Rata Allocation Algorithm will allocate is two contracts.
- If the "Initial Allocation" results in a fraction, the Algorithm will "Round Down" or drop the fractional amount. Any contracts still to be allocated after the "Initial Allocation" has run will be allocated on a first in, first out basis.

Implied Order Algorithm

The Exchange has determined to use an Implied Order Algorithm to create orders for selected individual contracts, calendar spreads, and butterfly spreads in Eurodollar futures, Euroyen futures and One-Month LIBOR futures contracts, and in selected individual contracts and calendar spreads in agricultural futures contracts, and calendar spreads in CME Eurozone HICP futures contracts, and calendar and inter-commodity spreads in CME Housing futures contracts entered in the Globex Electronic Trading System.

Eurodollar Futures, Euroyen Futures and One-Month LIBOR Futures Contracts: For the purpose of this rule interpretation, buying one butterfly spread (butterfly) means simultaneously buying and selling contracts with three different expirations in the following proportion: buying one contract with the most nearby of the three expirations, selling two contracts with the second of the three expirations and buying one contract with the most deferred of the three expirations. Unless specifically referenced in this Interpretation, all other futures and options contracts, will continue to use the Pro Rata Allocation Algorithm. This Implied Order Algorithm for Eurodollar futures, Euroyen futures and One-Month LIBOR futures contracts operates as follows:

- A "1st Generation Implied In" order for a calendar spread may be derived on the Globex system from actual orders in the individual contracts or legs of the calendar spread. E.g., a buy order for 15 contracts at 95.05 in a nearby Eurodollar futures contract and a sell order for 10 contracts at 95.00 in a deferred Eurodollar futures contracts creates a 1st Generation Implied In order to buy 10 calendar spreads at 0.05.
- A "1st Generation Implied Out" order for an individual contract may be derived on the Globex system from (1) actual orders in a calendar spread that includes that individual contract; and (2) actual orders in the other individual contract that comprises the calendar spread. E.g., a buy order for 5 contracts at 95.15 in a nearby Eurodollar futures contract and a sell order for 10 calendar spreads, that include that nearby contract and a deferred contract, at 0.05 creates an Implied Out order to buy 5 contracts in the deferred leg of calendar spread at 95.10.
- A "2nd Generation Implied In" order for a calendar spread may be derived on the Globex system from (1) actual orders in one individual contract of the calendar spread; and (2) 1st Generation Implied Out orders in the other individual contract that comprises the calendar spread.
- A "2nd Generation Implied Out" order for an individual contract may be derived on the Globex system from (1) actual orders in a calendar spread that includes that individual contract; and (2) 1st Generation Implied Out orders in the other individual contract that comprises the calendar spread.
- Implied In orders for calendar spreads and Implied Out orders for an individual contract based on orders for calendar spread and another individual contract shall be for a quantity representing the smaller of the two orders from which the Implied order is derived.

- The Globex system will create 2nd Generation Implied In and Out orders, for matching purposes only, if there are insufficient quantities of actual and 1st Generation Implied In and Out orders to satisfy arriving orders. This may result in a match with 2nd Generation Implied orders at more favorable prices than had previously been available. Second Generation Implied orders will not be disseminated to the marketplace.
- A "1st Generation Implied In" order for a butterfly spread may be derived on the Globex system from (1) actual orders in the three individual contracts or legs of the butterfly spread, e.g. a buy order for 10 contracts at 95.15 in the first of the three contract months, a sell order for 20 contracts at 95.00 in the second of the three contract months, and a buy order for 10 contracts at 94.95 in the last of the three contract months create a 1st Generation Implied In order to buy 10 butterfly spreads at 0.10; (2) actual orders in two calendar spreads, e.g., a buy order for 10 calendar spreads between the first two of the three contract months at 0.15 and a sell order for 10 calendar spreads between the last two of the three contract months at 0.05 create a 1st Generation Implied In order to buy 10 butterfly spreads at 0.10; or (3) actual orders in two individual contracts and a calendar spread, e.g. a buy order for 10 contracts at 95.15 in the first of the three contract months, a sell order for 10 contracts at 95.00 in the second of the three contract months and an actual sell order for 10 calendar spreads between the last two of the three contract months at 0.05 create a 1st Generation Implied In order for 10 butterfly spreads at 0.10.
- A "1st Generation Implied Out" order for an individual contract from a butterfly spread may be created from an actual order for a butterfly spread with (1) an actual order for a calendar spread and an actual order for an individual contract, e.g. a buy order for 10 butterfly spreads at 0.10, a buy order for 10 calendar spreads between the last two of the three contract months at 0.05, and a buy order for 10 contracts in the second of the three contract months at 95.00 create a 1st Generation Implied Out buy order for 10 contracts in the nearby month at 95.15; or (2) actual orders for two of the three individual contract months, e.g. a buy order for 10 butterfly spreads at 0.10, a buy order for 20 contracts in the second of the three contract months at 95.00 and a sell order for 10 contract in the last of the three contract months at 94.95 create 1st Generation Implied Out buy order for 10 contracts in the nearby month at 95.15. A "1st Generation Implied Out" order for a calendar spread from a butterfly spread may be created from an actual order for a butterfly spread with (1) an actual order for a calendar spread, e.g. a buy order for 10 butterfly spreads at 0.10, a buy order for 10 calendar spreads between the last two of the three contract months at 0.05 create a 1st Generation Implied Out buy order for 10 calendar spreads between the first two of the three contract months at 0.15; or (2) actual orders for two of the three individual contract months, e.g. a buy order for 10 butterfly spreads at 0.10, a buy order for 10 contracts in the second of the three contract months at 95.00 and a sell order for 10 contract in the last of the three contract months at 94.95 create 1st Generation Implied Out buy order for 10 calendar spreads between the first two of the three contract months at 0.15.
- Note that an Implied Out order for the second of the three contract months from a butterfly spread is for two contracts. These two contracts may have different implied prices, e.g. a buy order for 1 butterfly spread at 0.15, a sell order for 1 contract in the first of the three contract months at 95.15 and a sell order for 1 contract in the last of the three contract months at 94.95 creates implied orders in the second of the three contract months to sell 1 contract at 95.00 and 1 contract at 94.95. Regardless of whether the implied prices for the two contracts are identical, the trade can only occur if both contracts can be matched opposing orders. In the event an opposing order exists for one of the two contracts in the second leg of butterfly spread, an Implied Out order for the remainder may be created.
- A "2nd Generation Implied In" order for a butterfly spread may be derived on the Globex system from a combination of actual orders in the individual contracts and 1st Generation Implied Out orders from calendar spreads for the remaining leg(s) in the butterfly spread.
- A "2nd Generation Implied out" order for an individual contract from a butterfly spread may be derived on the Globex system from an actual order for a butterfly spread and a combination of actual and implied orders in the individual contracts and/or calendar spreads.
- The Globex system will disseminate 1st Generation Implied In orders for butterfly spreads and 1st Generation Implied Out orders for the first and the last of the three contract months from a butterfly spread order. 1st Generation Implied Out orders for the second of the three contract months from a butterfly spread order are not disseminated due to the fact that such orders can only be filled if both contracts for each spread can be matched to opposing orders. 2nd Generation Implied orders are created for matching purpose only and are also not disseminated.
- Implied In and Implied Out orders created by the Implied Order Algorithm shall be processed per the Pro Rata Allocation Algorithm described above, except that

1. Implied orders shall not be granted Time Priority or considered the TOP order;
 2. In the event that contracts remain to be allocated after the Initial Allocation, as described in the Pro Rata Allocation Algorithm above, and two or more orders have identical quantities and are the largest orders, allocations shall be made to Implied orders only after allocation to actual orders is complete. Allocations to Implied orders shall be made on the basis of maturity of the contract(s) where nearby contracts receive priority over deferred contracts.
- Market orders, that are entered into the Globex System where the Implied Order Algorithm is effective, shall be converted into limit orders and filled at the best available price from actual orders or 1st Generation Implied orders. If the quantity of the market order exceeds the quantity of opposite actual and 1st Generation Implied orders, Globex will create, and allocate the remaining contracts to, 2nd Generation Implied orders. Allocations to Implied orders shall be made on the basis of maturity of the contract(s) where nearby contracts receive priority over deferred contracts. Any part of such market order that is not filled at the limit price or better shall remain as a resting order at such limit price until filled or cancelled.
 - Stop limit orders, that are entered into the Globex System where the Implied Order Algorithm is effective, are activated and placed into the order book when the order's specified stop price is traded, at which time the order may be executed at the specified limit price or better. Such stop limit orders are initially allocated to actual and 1st Generation Implied orders. If the quantity of the stop limit order exceeds the quantity of opposite actual and 1st Generation Implied orders, Globex will create, and allocate the remaining contracts to, 2nd Generation Implied orders. Allocations to Implied orders shall be made on the basis of maturity of the contract(s) where nearby contracts receive priority over deferred contracts. Any part of such stop limit order that is not filled at the limit price or better shall remain as a resting order at such limit price until filled or cancelled.

Agricultural Futures Contracts: Unless specifically referenced in this Interpretation, all other futures and options contracts will continue to use the Pro Rata Allocation Algorithm. This Implied Order Algorithm for Agricultural futures contracts operates as follows:

- A "1st Generation Implied In" order for a calendar spread may be derived on the Globex system from actual orders in the individual contracts or legs of the calendar spread. E.g., a buy order for 15 contracts at 85.05 in a nearby Live Cattle futures contract and a sell order for 10 contracts at 85.00 in a deferred Live Cattle futures contract creates a 1st Generation Implied In order to buy 10 calendar spreads at 0.05.
- A "1st Generation Implied Out" order for an individual contract may be derived on the Globex system from (1) actual orders in a calendar spread that includes that individual contract; and (2) actual orders in the other individual contract that comprises the calendar spread. E.g., a buy order for 5 contracts at 85.15 in a nearby Live Cattle futures contract and a sell order for 10 calendar spreads, that include that nearby contract and a deferred contract, at 0.05 creates an Implied Out order to buy 5 contracts in the deferred leg of calendar spread at 85.10.
- A "2nd Generation Implied In" order for a calendar spread may be derived on the Globex system from (1) actual orders in one individual contract of the calendar spread; and (2) 1st Generation Implied Out orders in the other individual contract that comprises the calendar spread.
- A "2nd Generation Implied Out" order for an individual contract may be derived on the Globex system from (1) actual orders in a calendar spread that includes that individual contract; and (2) 1st Generation Implied Out orders in the other individual contract that comprises the calendar spread.
- Implied In orders for calendar spreads and Implied Out orders for an individual contract based on orders for calendar spread and another individual contract shall be for a quantity representing the smaller of the two orders from which the Implied order is derived.
- All implied orders will be derived by the Globex system subject to the applicable daily price limits for that particular product and contract month.
- The Globex system will create 2nd Generation Implied In and Out orders, for matching purposes only, if there are insufficient quantities of actual and 1st Generation Implied In and Out orders to satisfy arriving orders. This may result in a match with 2nd Generation Implied orders at more favorable prices than had previously been available. Second Generation Implied orders will not be disseminated to the marketplace.
- Implied In and Implied Out orders created by the Implied Order Algorithm shall be processed per the LMM Allocation Algorithm (Option B) described below, except that
 1. Implied orders shall not be granted Time Priority or considered the TOP order;
 2. In the event that contracts remain to be allocated after the Initial Allocation, as described in the Pro Rata Allocation Algorithm above, and two or more orders have identical quantities and are the

largest orders, allocations shall be made to Implied orders only after allocation to actual orders is complete. Allocations to Implied orders shall be made on the basis of maturity of the contract(s) where nearby contracts receive priority over deferred contracts.

- Market orders, that are entered into the Globex System where the Implied Order Algorithm is effective, shall be converted into limit orders and filled at the best available price from actual orders or 1st Generation Implied orders. If the quantity of the market order exceeds the quantity of opposite actual and 1st Generation Implied orders, Globex will create, and allocate the remaining contracts to, 2nd Generation Implied orders. Allocations to Implied orders shall be made on the basis of maturity of the contract(s) where nearby contracts receive priority over deferred contracts. Any part of such market order that is not filled at the limit price or better shall remain as a resting order at such limit price until filled or cancelled.
- Stop limit orders, that are entered into the Globex System where the Implied Order Algorithm is effective, are activated and placed into the order book when the order's specified stop price is traded, at which time the order may be executed at the specified limit price or better. Such stop limit orders are initially allocated to actual and 1st Generation Implied orders. If the quantity of the stop limit order exceeds the quantity of opposite actual and 1st Generation Implied orders, Globex will create, and allocate the remaining contracts to, 2nd Generation Implied orders. Allocations to Implied orders shall be made on the basis of maturity of the contract(s) where nearby contracts receive priority over deferred contracts. Any part of such stop limit order that is not filled at the limit price or better shall remain as a resting order at such limit price until filled or cancelled.

Housing and Eurozone HICP Futures Contracts: Unless specifically referenced in this Interpretation, all other futures and options contracts will continue to use the Pro Rata Allocation Algorithm. This Implied Order Algorithm for housing and HICP futures contracts operates as follows:

- A "1st Generation Implied In" order for a calendar spread may be derived on the Globex system from actual orders in the individual contracts or legs of the calendar spread. E.g., a buy order for 15 contracts at 85.05 in a nearby housing futures contract and a sell order for 10 contracts at 85.00 in a deferred housing futures contract creates a 1st Generation Implied In order to buy 10 calendar spreads at 0.05.
- A "1st Generation Implied Out" order for an individual contract may be derived on the Globex system from (1) actual orders in a calendar spread that includes that individual contract; and (2) actual orders in the other individual contract that comprises the calendar spread. E.g., a buy order for 5 contracts at 85.15 in a nearby housing futures contract and a sell order for 10 calendar spreads, that include that nearby contract and a deferred contract, at 0.05 creates an Implied Out order to buy 5 contracts in the deferred leg of calendar spread at 85.10.
- A "2nd Generation Implied In" order for a calendar spread may be derived on the Globex system from (1) actual orders in one individual contract of the calendar spread; and (2) 1st Generation Implied Out orders in the other individual contract that comprises the calendar spread.
- A "2nd Generation Implied Out" order for an individual contract may be derived on the Globex system from (1) actual orders in a calendar spread that includes that individual contract; and (2) 1st Generation Implied Out orders in the other individual contract that comprises the calendar spread.
- Implied In orders for calendar spreads and Implied Out orders for an individual contract based on orders for calendar spread and another individual contract shall be for a quantity representing the smaller of the two orders from which the Implied order is derived.
- The Globex system will create 2nd Generation Implied In and Out orders, for matching purposes only, if there are insufficient quantities of actual and 1st Generation Implied In and Out orders to satisfy arriving orders. This may result in a match with 2nd Generation Implied orders at more favorable prices than had previously been available. Second Generation Implied orders will not be disseminated to the marketplace.
- Implied In and Implied Out orders created by the Implied Order Algorithm shall be processed per the LMM Allocation Algorithm (Option B) described below, except that
 1. Implied orders shall not be granted Time Priority or considered the TOP order;
 2. In the event that contracts remain to be allocated after the Initial Allocation, as described in the Pro Rata Allocation Algorithm above, and two or more orders have identical quantities and are the largest orders, allocations shall be made to Implied orders only after allocation to actual orders is complete. Allocations to Implied orders shall be made on the basis of maturity of the contract(s) where nearby contracts receive priority over deferred contracts.
- Market orders, that are entered into the Globex System where the Implied Order Algorithm is effective, shall be converted into limit orders and filled at the best available price from actual orders

or 1st Generation Implied orders. If the quantity of the market order exceeds the quantity of opposite actual and 1st Generation Implied orders, Globex will create, and allocate the remaining contracts to, 2nd Generation Implied orders. Allocations to Implied orders shall be made on the basis of maturity of the contract(s) where nearby contracts receive priority over deferred contracts. Any part of such market order that is not filled at the limit price or better shall remain as a resting order at such limit price until filled or cancelled.

- Stop limit orders, that are entered into the Globex System where the Implied Order Algorithm is effective, are activated and placed into the order book when the order's specified stop price is traded, at which time the order may be executed at the specified limit price or better. Such stop limit orders are initially allocated to actual and 1st Generation Implied orders. If the quantity of the stop limit order exceeds the quantity of opposite actual and 1st Generation Implied orders, Globex will create, and allocate the remaining contracts to, 2nd Generation Implied orders. Allocations to Implied orders shall be made on the basis of maturity of the contract(s) where nearby contracts receive priority over deferred contracts. Any part of such stop limit order that is not filled at the limit price or better shall remain as a resting order at such limit price until filled or cancelled.

Lead Market Maker (LMM) Allocation Algorithms

The Exchange may designate, per the provisions of Rule 581, Globex Lead Market Maker Program, multiple Lead Market Makers (LMMs) in specified futures and option markets traded on the Globex Electronic Trading System. The Exchange has determined to use either LMM Allocation Algorithm (Option A) or LMM Allocation Algorithm (Option B) as described below to match orders in such specified markets. Two-, Five- and Ten-Year Swap Rate futures shall be subject to LMM Allocation Algorithm (Option A). Weather futures, agricultural futures, futures on Standard and Poor's Depository Receipts ("SPDR"), NASDAQ-100 Tracking Stock ("QQQQ"), Russell 2000 iShares ("IWM"), E-mini Russell 1000 Index futures, CPI futures and Housing futures shall be subject to LMM Allocation Algorithm (Option B). All other futures and options contracts, unless specifically referenced in this Interpretation, will continue to use the normal matching algorithm based on price and time priority.

1. The LMM Allocation Algorithm (Option A) operates as follows:
 - After the opening, Time Priority is assigned to the first order at a price that betters the market when the order is received. Only one buy order and one sell order can have Time Priority at any given time. Orders with Time Priority are matched first regardless of whether it was entered by an LMM or non-LMM.
 - An order will lose Time Priority when an order at a better price is entered. Example: An order to buy 50 contracts is entered at 105. This order is the first order in at this price level. Another order comes in and betters the market, buy 25 contracts at 106. The order at the 106 level has Time Priority now. The market sells off and the bid of 25 contracts at 106 is hit. The bid for 50 contracts at 105 does not regain its Time Priority and will be allocated according to the LMM Allocation Algorithm along with all the other 105 bids.
 - After the Time Priority order is filled, the LMM Allocation Algorithm is applied to the remainder of the resting orders at that price level. The LMM Algorithm will attempt to allocate a specified minimum proportion of the trade to the LMM provided that the LMM's bid or offer matches the best available bid or offer. Any contracts still to be allocated after the "LMM Allocation" are allocated based upon the time of order entry.
 - If the allocation to the LMM results in a fraction, the LMM Algorithm will "Round Down" to the nearest integral contract multiple.
 - In the event that the Exchange designates a single LMM in a specified market, the LMM's allocated proportion shall be 40%. In the event that the Exchange designates two (2) LMMs in a specified market, each LMM shall be allocated 20%. In the event that the Exchange designates three (3) LMMs in a specified market, each LMM shall be allocated 15%.
2. The LMM Allocation Algorithm (Option B) operates in a manner similar to Option A as described above, except that LMMs will be allocated a specified minimum proportion of the trade provided that the LMM's bid or offer matches the best available bid or offer regardless of whether the LMM had achieved Time Priority.

Best Price Priority Allocation Algorithm

The Exchange has determined to use a Best Price Priority Allocation Algorithm to match orders in foreign exchange (currency and currency cross-rate and E-mini) futures calendar spreads (intra-currency futures spreads) entered in the Globex Electronic Trading System. Unless specifically referenced in this Interpretation, all other futures and options contracts, including currency options, will continue to use the normal matching algorithm based on price and time priority. Foreign exchange futures calendar spread contracts were chosen to use a Best Price Priority Allocation Algorithm

because they, like Eurodollar futures contracts, usually trade in a narrow price range, and price levels are represented by size, particularly during the rollover period. The Best Price Priority Allocation Algorithm operates as follows:

- After the opening, Price Priority is assigned to all orders at the price that betters the market when orders are received. All buy orders and all sell orders at the best price have Price Priority at any given time. Orders with Price Priority at the best price are matched according to an Allocation Algorithm in proportion to all orders bid or offered at that best price as follows. Example: Suppose the best bid of a June/September calendar spread is 14 and a total of 1,210 contracts are bid at that price by four different orders as follows: 1,000 contracts by Order 1; 100 contracts by Order 2; 100 contracts by Order 3; and 10 contracts by Order 4, then when a sell order hits the 14 bid by selling 500 contracts, the Globex system will allocate 414 contracts ($(1,000/1,210 * 500)$ plus 1 remainder) to Order 1; 41 contracts each ($(100/1,210 * 500)$) to Orders 2 and 3; and 4 contracts ($(10/1,210 * 500)$) to Order 4.
- All orders at the best price will lose Price Priority when an order (or orders) at a better price is (are) entered. Example: An order to buy 50 contracts is entered at 12. This order is the first order in at this price level. Another order comes in and betters the market, buy 25 contracts at 13. The buy order at the 13 level has Price Priority now. The market sells off and the bid for 25 contracts at 13 is hit. The bid for 50 contracts at 12 regains its Price Priority because it is now the best price and this order will be allocated according to size along with all the other 12 bids.
- If the "Initial Allocation" results in a fraction, the Algorithm will "Round Down" or drop the fractional amount. Any contracts still to be allocated after the "Initial Allocation" has run are added to the largest order. If two or more orders have identical quantities and are the largest orders, the Algorithm will perform an "Electronic Coin Flip" and assign the remainder to the order that wins.

Use of the Best Price Priority Allocation Algorithm for foreign exchange futures calendar spreads will be effective on Sunday, May 19, 2002, for the Globex trade date of Monday, May 20, 2002.

User Defined Futures & Options Spreads on CME Globex

For combination trades of options and futures contracts on Globex, the following additional matching mechanisms apply. For each such combination, the quantity of each option contract shall be an integer, while the quantity of futures position can be a fraction. Hereafter, the quantity of each futures contract per combination shall be referred to as the "delta" with respect to the futures expiration. Each delta shall be no smaller than 0.01 and no larger than (i) 1.00, if there is only one option in the combination, or (ii) 40.00, if there are two or more distinct option contracts in the combination. For each futures contract, the price at which the futures transaction shall be consummated shall be defined within the combination, and is subject to the futures price increment conventions defined by the respective Exchange Rules. Two combinations with identical futures and options quantities and buy/sell, long/short configurations are distinct if the futures prices are not identical, and shall be treated as different combinations.

Order matching shall proceed in accordance with the same trade allocation rule as described previously in this interpretation to Rule 580, with the following provisions for assigning the futures positions. For each futures contract specified in the combination,

1. the total number of futures positions to be assigned shall be the number of combinations traded multiplied by the respective delta. This number of futures position shall be assigned to the incoming order.
2. each of the resting limit orders, against which the incoming order are matched to, shall be assigned a futures position of the allocated numbers of combinations times the delta, rounding down to the nearest integer; e.g. if an order is allocated 15 combinations, and the delta is 0.45, 6 futures contracts shall be allocated.
3. the total number of futures position assigned to the resting limit orders following the preceding step will be equal to or fewer than the total number of futures positions to be assigned to the incoming order. The difference, if any, shall be assigned one futures contract per resting order in the following priority until the difference is reduced to zero: the resting order with the highest magnitude of rounding down in step 2 shall be first to receive an additional futures position, followed by the order with the second highest magnitude of rounding down in step 2, etc. If two orders have the same magnitude of rounding down, the oldest order shall receive the additional futures position.

For example, a trade of 60 contracts with a delta of 0.45 is matched between an incoming order and 4 resting limit orders with quantities of 20, 15, 15, 10. Total number of futures position to be assigned is $60 \times 0.45 = 27$ contracts. The four resting orders shall receive the following assignment of futures position:

Resting Order	Matched Quantity	Quantity X delta	Initial Futures Allocation	Magnitude of Rounding	Additional Allocation	Total Futures Allocation
1	20	9.00	9	0.00	0	9
2	15	6.75	6	0.75	1	7
3	15	6.75	6	0.75	1	7
4	10	4.50	4	0.50	0	4
Incoming Order	60	27.00				27

INTERPRETATION OF RULE 582 – GLOBEX SWITCH TRADE MATCHING ALGORITHM

Bids or offers may be entered for all available contract expirations on behalf of an account during each trading session. If both bids and offers for the same contract expiration are entered on behalf of an account, the trade matching algorithm will net the offsetting bids and offers and recognize the net order.

Orders can be entered into Globex during the pre-open period. A notification of receipt of such order shall be sent by Globex indicating that the order has been accepted. Globex will disregard any price associated with the order and substitute the price as determined for the specific expiration. Since all the outstanding orders for the same expiration carry the same price at the conclusion of order entry period, all trades for the same expiration will be consummated at the same price.

While the outcome of the trade matching process is a calendar spread, it is not necessary to enter matching buy and sell orders.

The following example demonstrates the outcome of the trade matching process. For illustrative purposes, assume that there are 4 separate accounts and 10 available contract expirations. The following table shows the outstanding orders for each account for each contract expiration. A positive number in the following table represents a bid and a negative number represents an offer. For example, for account 1, there is a bid for 98 contracts for expiration 1, a bid for 68 contracts for expiration 2, ... an offer of 125 contracts for expiration 5, ..., and no outstanding order for expiration 10.

Table: Summary of outstanding bids and offers

Expiration	Account 1	Account 2	Account 3	Account 4
1	98	-118	6	-38
2	68	65	-6	-74
3	60	39	-83	39
4	18	36	69	-46
5	-125	-83	98	28
6	68	-121	-13	-111
7	123	21	-61	-101
8	49	-13	77	-71
9	122	-61	115	-63
10	0	10	111	-28

The trade matching algorithm will determine the distribution of contracts bought and sold such that the total number of contracts matched is maximized, and, for each account, the total number of contracts bought equals to the total number of contracts sold. The following table shows an admissible allocation that maximizes the objective. For example, Account 1 bought 64, 6, 13, 40 and 2 contracts of expiration 1, 3, 6, 7 and 9 respectively, and sold 125 contracts of expiration 5.

Table: Summary of contracts bought and sold

Expiration	Account 1	Account 2	Account 3	Account 4
1	64	-70	6	0
2	0	26	-6	-20
3	6	39	-83	38
4	0	36	0	-36
5	-125	-1	98	28
6	13	0	-13	0
7	40	21	-61	0
8	0	0	0	0
9	2	-61	59	0
10	0	10	0	-10

If there are multiple admissible distributions of positions yielding the same total number of contracts matched, the algorithm will choose among the admissible distribution the one with the least total sum of squares of positions to achieve widest distribution of positions. For example, the sum of squares of the positions for account 1 is $64^2 + 6^2 + 125^2 + 13^2 + 40^2 + 2^2$. The total sum of squares of positions shall be the sum of squares of the positions for all accounts under the distribution.

The algorithm shall not recognize any time priority for purposes of filling orders.

INTERPRETATION OF RULE 585 – GLOBEX CALL MARKET TRADING ALGORITHM

Trade Allocation Algorithm pertinent to Globex Call Markets

The Exchange may designate, per the provisions of Rule 581 – Globex Lead Market Maker Program and Rule 585 – Globex Call Market Trading Algorithm, multiple Lead Market Makers (LMMs) for a Globex Call Market for a designated set of contracts. Each LMM shall be assigned an allocation proportion for the purpose of trade matching. Trade allocation in a Call Market with LMMs operates as follows:

1. If one or more LMM's bids or offers match the best available bid or offer, against which an opposing executable order exist, the LMM's orders shall be eligible for allocation along with the orders at the best bid or offer.
2. For each LMM with orders eligible for allocation, the total allocation for the LMM shall be the smaller of its allocation proportion times the size of the opposing order, rounded down to the nearest integral contract multiple, or the aggregate order size at the same price level from the LMM. If the order with time priority has a quantity of a minimum of fifty (50), it will be designated as the TOP order. If there is a TOP order, it shall also receive an allocation of the smaller of 25% times the original quantity of the opposing order, rounded down to the nearest integer, or the size of the TOP order.
3. Following the allocation of trades to the LMM(s) and the TOP order, if it exists, the remainder of the trade shall be allocated to all remaining bids or offers at the best price on a pro rata basis. The pro rata allocation for each order shall be rounded down to the nearest integral contract multiple, with the residual quantity allocated to the largest order. If two or more orders have identical quantities and are the largest orders, the residuals shall be equally allocated between the largest orders, subject to rounding down to the nearest integral contract multiple. Any remaining unallocated contracts shall be allocated on the basis of time priority.

The Exchange retains the right to grant specific allocation proportion(s) to the LMM(s). The aggregate allocation proportion of all LMM(s), however, shall not exceed 50%. If no LMM has been designated, trade allocation shall be executed on pro rata basis, resembling step 3 of trade allocation with LMMs.

New combinations of futures and option contracts, as defined in Rule 585.1.b, can be defined by any market participants on demand. For each such combination, the quantity of each option contract shall be an integer, while the quantity of futures position can be a fraction. Hereafter, the quantity of each futures contract per combination shall be referred to as the "delta" with respect to the futures expiration. Each delta shall be no smaller than 0.01 and no larger than (i) 1.00, if there is only one option in the combination, or (ii) 40.00, if there are two or more distinct option contracts in the combination. For each futures contract, the price at which the futures transaction shall be consummated shall be defined within the combination, and is subject to the futures price increment conventions defined by the respective Exchange Rules. Two combinations with identical futures and options quantities and buy/sell, long/short configurations are distinct if the futures prices are not identical, and shall be treated as different combinations.

Order matching shall proceed in accordance with the same trade allocation rule as described previously in this interpretation to Rule 585, with the following provisions for assigning the futures positions. For each futures contract specified in the combination,

1. the total number of futures positions to be assigned shall be the number of combinations traded multiplied by the respective delta. This number of futures position shall be assigned to the incoming order.
2. each of the resting limit orders, against which the incoming order are matched to, shall be assigned a futures position of the allocated numbers of combinations times the delta, rounding down to the nearest integer; e.g. if an order is allocated 15 combinations, and the delta is 0.45, 6 futures contracts shall be allocated.
3. the total number of futures position assigned to the resting limit orders following the preceding step will be equal to or fewer than the total number of futures positions to be assigned to the incoming order. The difference, if any, shall be assigned one futures contract per resting order in the following priority until the difference is reduced to zero: the resting order with the highest magnitude of rounding down in step 2 shall be first to receive an additional futures position, followed by the order with the second highest magnitude of rounding down in step 2, etc. If two orders have the same magnitude of rounding down, the oldest order shall receive the additional futures position.

For example, a trade of 60 contracts with a delta of 0.45 is matched between an incoming order and 4 resting limit orders with quantities of 20, 15, 15, 10. Total number of futures position to be assigned is

60 x 0.45 = 27 contracts. The four resting orders shall receive the following assignment of futures position:

Resting Order	Matched Quantity	Quantity X delta	Initial Futures Allocation	Magnitude of Rounding	Additional Allocation	Total Futures Allocation
1	20	9.00	9	0.00	0	9
2	15	6.75	6	0.75	1	7
3	15	6.75	6	0.75	1	7
4	10	4.50	4	0.50	0	4
Incoming Order	60	27.00				27

In the case of a Request For Cross (RFC) entered pursuant to Rule 539.C, a set of matching bid and offer (hereafter referred to as the RFC bid and offer) with the same price and quantity, trading matching of this pair of RFC bid and offer shall be suspended for fifteen (15) seconds in accordance with Rule 539.C. Pre-Execution Discussion. Immediately following the fifteen-second suspension, the RFC bid and offer shall be matched separately against opposing bids and offers in accordance with the allocation algorithm described above. The remainder of the pair of RFC bid and offer shall be matched against each other at a quantity of 60% of the smaller of the remaining RFC bid and offer. The remaining unmatched portions of the RFC bid and offer shall be available for matching against other incoming orders for an additional ten (10) seconds. Thereafter, the remaining RFC bids and offers shall be matched against each other, with the remaining bid and offer joining the rest of the order book.

Notwithstanding the preceding trade matching provision, if the RFC orders (i) represent strict improvement on both the current bid and offer prices at the time of the entry of the RFC, and (ii) remain at the best bid and offer price levels at the conclusion of the fifteen (15) seconds following the entry of the RFC, the RFC orders shall be matched against each other at a quantity of 50% of the original order, with the remaining RFC orders matching against other competitive bids and offers in accordance with the preceding procedure for RFC matching.

POSITION LIMIT AND REPORTABLE LEVEL TABLE

CONTRACT NAME	Options	SCALE-DOWN SPOT MONTH (1)	SCALE-DOWN SPOT MONTH (2)	SPOT MONTH	SINGLE MONTH	ALL MONTHS COMBINED	POSITION ACCOUNT-ABILITY	REPORTABLE FUT LEVEL	REPORTABLE OPT LEVEL
CME Foreign Exchange									
Australian Dollar	Y						**6,000	200	200
Australian Dollar/Canadian Dollar							**6,000	25	
Australian Dollar/Japanese Yen							**6,000	25	
Australian Dollar/New Zealand							**6,000	25	
Brazilian Real	Y				*24,000	*40,000		25	25
British Pound	Y						**10,000	200	200
British Pound/Japanese Yen							**6,000	25	
British Pound/Swiss Franc							**6,000	25	
Canadian Dollar	Y						**6,000	200	200
Canadian Dollar/Japanese Yen							**6,000	25	
Chinese Renminbi/Euro FX	Y			2,000			**6,000	25	25
Chinese Renminbi/Japanese Yen	Y			2,000			**6,000	25	25
Chinese Renminbi/US Dollar	Y			2,000			**6,000	25	25
Czech Koruna	Y			2,000			**6,000	25	25
E-mini Euro FX							*(A) 20,000	25	
E-mini Japanese Yen							*(A) 20,000	25	
Euro FX	Y						**10,000	200	200
Euro FX/Australian Dollar							**6,000	25	
Euro FX/British Pound	Y						**6,000	25	25
Euro FX/Canadian Dollar							**6,000	25	
Euro FX/Czech Koruna	Y			2,000			**6,000	25	25
Euro FX/Hungarian Forint	Y			2,000			**6,000	25	25
Euro FX/Japanese Yen	Y						**6,000	25	25
Euro FX/Norwegian Krone							**6,000	25	
Euro FX/Polish Zloty	Y			2,000			**6,000	25	25
Euro FX/Swedish Krona							**6,000	25	
Euro FX/Swiss Franc	Y						**6,000	25	25
Hungarian Forint	Y			2,000			**6,000	25	25
Israeli Shekel	Y			2,000			**6,000	25	25
Japanese Yen	Y						**10,000	200	200
Korean Won	Y			2,000			**6,000	25	25
Mexican Peso	Y			10,000			**6,000	25	25
New Zealand Dollar	Y						**6,000	25	25
Norwegian Krone							**6,000	25	
Polish Zloty	Y			2,000			**6,000	25	25
Russian Ruble	Y			2,000		*10,000		25	25
South African Rand	Y			5,000			**6,000	25	
Swedish Krona							**6,000	25	25
Swiss Franc	Y						**10,000	200	200
Swiss Franc/Japanese Yen							**6,000	25	

*(A) E-mini Euro FX and the E-mini Japanese Yen are deemed to be the equivalent of one-half (.50) of the Euro FX and Japanese Yen contract.

* Net futures equivalents (NFE) long or short.

** Position Accountability rule: A person owning or controlling more than the specified number of futures or futures equivalent contracts net long or short in all contract months combined shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.

CONTRACT NAME	Options	SCALE-DOWN SPOT MONTH (1)	SCALE-DOWN SPOT MONTH (2)	SPOT MONTH	SINGLE MONTH	ALL MONTHS COMBINED	POSITION ACCOUNTABILITY	REPORTABLE FUT LEVEL	REPORTABLE OPT LEVEL
CME Equity Index									
E-Mini EAFE						*10,000		25	
E-Mini Nasdaq Biotech Stock Index						*10,000		25	25
E-Mini Nasdaq Composite Index						*25,000		25	25
E-Mini Nasdaq-100	Y					*(B) 10,000		25	25
E-Mini Russell 1000	Y					*25,000		25	
E-Mini Russell 2000	Y					*(B) 10,000		100	100
E-Mini S&P 500	Y					*(C) 20,000		100	100
E-Mini S&P 500 End of Mo. Options	Y					*(C) 20,000			100
E-Mini S&P Asia 50						*25,000		25	
E-Mini S&P MidCap 400						*(B) 5,000		25	25
Eurozone Harmonized Index						*5,000		25	25
Ishares Russell 2000 Index Fund				*(A) 13,500				25	
Nasdaq-100	Y					*(B) 10,000		25	25
Power Shares QQQ (Nasdaq-100 Tracking)				*(A) 11,250				25	25
Nikkei 225	Y					*5,000		50	50
Nikkei 225 (JPY)	Y					*5,000		25	25
Russell 2000	Y					*(B) 10,000		100	100
Russell 2000 Amer. Flex Options	Y					*(B) 10,000			25
S&P 500	Y					*(C) 20,000		100	100
S&P 500 American Flex Options	Y					*(C) 20,000			25
S&P 500 Depository Receipts				*(A) 22,500				25	
S&P 500 End of Mo. Options	Y					*(C) 20,000			100
S&P 500 European Flex Options	Y					*(C) 20,000			25
S&P 500 Growth	Y					*(C) 20,000		25	
S&P 500 Value	Y					*(C) 20,000		25	
S&P MidCap 400	Y					*(B) 5,000		25	25
S&P SmallCap 600						*25,000		25	
E-mini FTSE Xinhua China 25						*5,000		25	
Lehman Brothers US Aggregate Index	Y					*5,000		25	25
US Commercial Real Estate (SPCREX) Index	Y					*5,000		25	25

*(A) No more than the specified number of futures contracts net long or net short during the last five days of an expiring contract month.

*(B) This is an aggregate position limit and is the specified number of futures or futures equivalent contracts net long or net short in all contract months combined. For the purpose of aggregation, one big futures contract shall be deemed equivalent to five E-Mini futures contracts.

*(C) This is an aggregate position limit in Standard & Poor's 500 Stock Price Index (S&P 500) futures and options, S&P 500 Growth futures, S&P 500 Value futures, and E-Mini S&P 500 futures and options, and is the specified number of S&P 500 futures or futures equivalent contracts net long or net short in all contract months combined. For purpose of aggregation: One S&P 500 futures contract shall be deemed equivalent to one S&P 500 Growth futures contract plus one S&P 500 Value futures contract. One S&P 500 futures contract shall be deemed equivalent to five E-Mini S&P 500 futures contracts.

* Net futures equivalents (NFE) long or short.

CONTRACT NAME	Options	SCALE-DOWN SPOT MONTH (1)	SCALE-DOWN SPOT MONTH (2)	SPOT MONTH	SINGLE MONTH	ALL MONTHS COMBINED	POSITION ACCOUNT-ABILITY	REPORTABLE FUT.LEVEL	REPORTABLE OPT LEVEL
CME Interest Rate									
13 Week Treasury Bill	Y			15%		*(A) 5,000		100	100
3 Month Eurodollar	Y						*(B) 10,000	850	850
3 Month Eurodollar -E-Mini							*(C) 100,000	25	
5 Year Eurodollar Bundle-E-Mini							**1,000	45	
Eurodollar SWAP							**5,000	25	
Euroyen	Y					*5,000		25	25
Euroyen Libor	Y					*5,000		25	25
MidCurve Eurodollar	Y						*(B) 10,000		25
One Month Libor	Y						**5,000	100	100
CME Credit Index Event						*5,000		25	
<p>*(A) No more than the specified number of contracts net long or net short in all contract months combined, except that in no event shall own or control more than the numbers of contracts that correspond to fifteen percent of the announced auction amount of the 91-day U.S. Treasury Bill auction to which the contract settles in the lead month on or after the day two days prior to the delivery day.</p> <p>*(B) Net Futures Equivalent Positions are combined across Eurodollar, Eurodollar E-mini, and Mid-Curve futures and options to determine Position Accountability.</p> <p>*(C) 100,000 net long or short but 10,000 net futures equivalents and is combined with ED, E-mini ED, and Midcurves.</p> <p>*Net futures equivalents (NFE) long or short.</p> <p>** Position Accountability rule: A person owning or controlling more than the specified number of futures or futures equivalent contracts net long or short in all contract months combined shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.</p>									
CME Commodities									
Butter	Y	50		150	*900	*1,000		25	25
Cash-Settled Butter				100	*500			25	25
Class III Milk	Y				*1,500			25	25
Class IV Milk	Y			250	*1,000			25	25
Dry Whey				200	*1,000			25	25
Feeder Cattle	Y			300	*1,000			25	25
Frozen Pork Bellies	Y	*(A) 75 or 50 or 25	*(B) 25 or 10	100	*800	*1,000		5	5
Goldman Sachs Commodity Index	Y					*10,000		25	25
Goldman Sachs ER Index						*10,000		25	25
Lean Hogs	Y			950	*4,100			25	25
Live Cattle	Y	300		450	*5,150			25	25
Random Length Lumber	Y			435	*1,000			25	25
Nonfat Dry Milk				100	*1,000			25	25
Northern Bleached Softwood KP	Y				*1,000			25	25
<p>*(A) The scale-Down levels in the spot month depends on "Deliverable Supply" shall mean the number of registered deliverable pork bellies reported to the CME Clearing House Department's weekly report immediately preceding the first Friday of each expiring contract.</p> <p>*(B) The scale-Down levels in the spot month depends on "Deliverable Supply" shall mean the number of registered deliverable pork bellies reported to the CME Clearing House Department's weekly report immediately following the first Friday of each expiring contract.</p> <p>*Net futures equivalents (NFE) long or short.</p>									
CME Weather TRAKRS Housing									
Housing Index	Y					*(A) 5,000		25	25
TRAKRS Index						*22,000,000		50,000	50,000
Weather	Y					*10,000		25	25

Carville Hurricane Index

Y

**10,000

25

25

*(A) No more than the specified number of contracts net long or net short in any single CME Metro Area Housing Index futures contract or it's composite index in all contract months combined.

*Net futures equivalents (NFE) long or short.

** Position Accountability rule: A person owning or controlling more than the specified number of futures or futures equivalent contracts net long or short in any single contract in all contract months combined shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.

Chapter 6 Arbitration

JURISDICTION

600. DISPUTES SUBJECT TO CME 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 and Non-Member Investors~~ that are described below and that are based upon facts and circumstances that occurred at a time when the parties were ~~Members or Non-Member Investors~~ 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 ~~and Non-Member Investors~~ 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 trading floor, and
 - c. financial arrangements relating to the resolution of error trades in Exchange products that are included in any employment agreement entered into on or after August 1, 1998.

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. Disputes Between Members and Certain Non-Member Employees

The enforceability of the following provisions of an employment agreement entered into on or after August 1, 1998, 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.

600.C. Claims Against the Exchange

Claims against the Exchange pursuant to the provisions of Rule 578.C., Rule 578.D., Rule 579.C., and/or Rule 587.C. shall be subject to mandatory arbitration in accordance with the rules of this Chapter, provided the claimant has complied with all pre-filing requirements under the applicable rule(s).

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 ~~CME-Globex~~LOBEX user pursuant to Rule 588.C.3.a. and b., where the claimant has complied with the provisions of Rule 588.D., and pursuant to Rule 588.C.3.d., provided that any non-member ~~CME-Globex~~LOBEX user has consented to arbitration of the dispute at the Exchange within 20 days of receipt of a claim;
3. claims of a customer against a clearing member responsible for the spot-call delivery performance of a transaction on or subject to the rules of the Exchange and/or against a member in connection with such a transaction;
4. claims of an SGX member against a member that relate to or arise out of transactions subject to or relating to the Mutual Offset System;

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 ~~Managing Director of~~ Chief Regulatory Affairs Officer, any claim involving the interests of the Exchange, its members, their business relations or commodity futures trading in general not otherwise arbitrable under these rules, provided the parties have consented to such arbitration.

600.E. Waiver of Any Objection to Jurisdiction

Any member or non-member who submits a claim or grievance to arbitration or any member who appeals to a hearing committee of the Board from any panel decision, or who takes any steps therein, shall be conclusively presumed to have voluntarily recognized and agreed to the jurisdiction of the panel or hearing committee of the Board to hear and determine the claim or appeal.

600.F. Hearing Panel

Any claim involving only members shall be heard by a Member panel and its decision shall be rendered in accordance with the rules of this Chapter. A Member panel shall mean an arbitration panel consisting of a co-chairman of the Arbitration Committee and five Members as defined in Rule 400.

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, ~~two Exchange and five Arbitration Committee members, and 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) an individual members or and clearing members of the Exchange, including retired members with floor access privileges and individuals and entities described in Rule 106; 2) and associated persons ("APs") and affiliates of clearing members of the Exchange; 3) its guaranteed introducing brokers of clearing members of the Exchange and their APs; 4) Exchange permit holders; and 5) 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.

601.B. Refusal to Hear Certain Disputes

A chairman may, but shall not be required to, order that a dispute that is otherwise arbitrable under these rules not be arbitrated hereunder if the dispute requires for adjudication the presence of essential witnesses or third parties over whom the Exchange has no jurisdiction or who are not otherwise available, or if the dispute requires the application of the rules of another exchange.

601.C. Initiation of Arbitration

In the event that a complaint is received by the Exchange from a customer, it shall be referred to the Market Regulation Department, which shall inform the customer of alternative dispute settlement forums and, when appropriate, forward to the customer a Consent Form for arbitration at the Exchange. Such form shall inform the customer, by attachment of all pertinent rules, of the customer's rights and liabilities, including costs associated with arbitration, and the option of selecting an arbitration panel consisting of Exchange members or a Mixed Panel to decide the claim and any counterclaims, cross-claims or third-party claims.

A customer who submits a claim for arbitration in accordance with these rules consents thereby to the jurisdiction of the arbitrators and agrees to the arbitration of any counterclaims, cross-claims or third-party claims by any respondent which arise out of the transaction that is the subject of the customer's

claim. The claim shall comply with the requirements of Rule 602, and in the case of a request for punitive damages, the claim shall set forth the facts the customer intends to present in support of the claim that the misconduct was willful and wanton.

The customer shall file a completed Consent Form and deposit the arbitration fee with the Market Regulation Department. Notice shall then be given to the member against whom the claim is asserted, who shall respond to the claim in accordance with Rule 603.

601.D. Referral to Arbitration Panel or Mixed Panel

A Customer claim against a member shall be heard by the type of panel selected by the customer and its decision shall be rendered in accordance with the rules of this Chapter. Customer claims (and any counterclaims, cross-claims or third-party claims applicable thereto) that do not exceed \$5,000 and do not include any claim for punitive damages may, in the interests of efficiency and economy, be resolved without hearing. The panel shall render its decision based upon the parties' written submissions and any other relevant information obtained and provided to the panel and the parties at the direction of the chairman and/or the panel.

FILING PROCEDURES

602. INITIATING AN ARBITRATION CLAIM

A claimant may initiate a claim by submitting a written description of the dispute, a completed Arbitration Cover Sheet and depositing the appropriate arbitration fee with the Market Regulation Department within the period of eligibility for arbitration claims. The written claim shall include a clear description of the facts and circumstances involved in the dispute, including the transaction(s) or agreement(s) complained of, the names of the persons and firms alleged to be responsible for any loss to the claimant, the dates of all acts or omissions relevant to the claim, a detailed calculation of the amount claimed and any other information necessary to fully describe the dispute.

The Market Regulation Department shall reject for filing any claim that does not fully describe the dispute, is clearly filed after the period of eligibility has expired or is clearly not arbitrable at the Exchange. Such a claim will be promptly returned to the filing party with a notice describing the deficiency. A claimant seeking to correct the deficiency and file an amended claim may do so within 30 days of receiving notice describing the deficiency despite any expiration of the period of eligibility prescribed by Rule 609 during that 30-day period. The acceptance for filing by the Market Regulation Department shall not preclude a challenge to the arbitrability of the claim nor create a presumption that the claim is arbitrable.

603. ANSWERING AN ARBITRATION CLAIM

Each respondent shall file a written response within 21 days after receipt of the written claim. However, if a party has timely filed a challenge to the arbitrability of the dispute, its response shall be due 21 days after receipt of the written decision confirming the arbitrability of the dispute.

The written answer must admit the claim or describe the respondent's basis for denying liability to the claimant(s). The answer may include an admission or denial of each specific allegation contained in the claim and/or the respondent's narrative description of the facts and circumstances involved in the dispute. A respondent may assert in an answer any defense that would be available in a court of law or equity, including any affirmative defense.

604. FAILURE TO ANSWER

A respondent's unexcused failure to file a timely answer shall constitute an admission of the facts alleged in a claim.

605. COUNTERCLAIMS, CROSS-CLAIMS AND THIRD-PARTY CLAIMS

A respondent may assert any counterclaim, cross-claim and/or third-party claim to the extent such claim would be allowable as an original claim under these rules and, in response to claims by a customer against a member, the member may assert any counterclaim, cross-claim and/or third-party claim arising out of the same transaction or incident that is the subject of the customer's claim. Each respondent must file any counterclaim, cross-claim or third-party claim at the same time an answer to a claim is due. Initiating counterclaims, cross-claims, third-party claims and answers thereto shall conform to the requirements for initiating and answering original claims.

A respondent who believes that another member may have a claim to any money or property which is the subject of a dispute in arbitration and that the failure of that other member to assert a claim in the pending arbitration could prejudice the interests of the respondent may submit a request to the chairman to compel the participation of the other member. If a member fails to file such claim after

being ordered to assert that claim in the pending arbitration, then notwithstanding any other rule, that member shall be barred from asserting in the future any claim against the respondent that is based on the same transaction, occurrence or subject.

606. REVIEW OF ARBITRABILITY

Any party may file a challenge to the arbitrability of a dispute submitted for arbitration at the Exchange. A party's failure to file a timely challenge to arbitrability shall waive any right to object thereafter to the arbitrability of the dispute.

A challenge to arbitrability by a claimant must be filed no later than 5 days after the claim is submitted for arbitration. A challenge to arbitrability by a respondent must be filed no later than 10 days after the respondent has received notice of the claim. The request must be in writing and state the reasons why the dispute is not arbitrable at the Exchange. Any other party may file a written response in support of or opposition to the challenge no later than 10 days after receiving notice of the challenge to arbitrability.

The chairman may decide the arbitrability of a dispute based on his consideration of the written submissions of the parties. The chairman's decision shall be final and is not appealable.

607. CONSOLIDATION OF ARBITRATION DISPUTES

If a chairman receives notice that two or more arbitration disputes pending at the Exchange are related, the chairman may order that any or all of the disputes be consolidated for purposes of conducting a hearing on the disputes. In determining whether to consolidate the disputes the chairman may consider the efficiencies of consolidation as well as the burdens and benefits to the parties in consolidating the disputes.

608. WITHDRAWAL OF CLAIMS

- A. A party may voluntarily withdraw its claim, counterclaim, cross-claim or third-party claim without prejudice at any time before an answer thereto has been filed by notifying the Market Regulation Department in writing of such withdrawal.
- B. After an answer to any claim, counterclaim, cross-claim or third-party claim has been filed, the claimant seeking to withdraw the claim, counterclaim, cross-claim or third-party claim must submit to the chairman a written request to withdraw with prejudice or upon such terms and conditions as may be imposed by the chairman.
- C. A withdrawal with prejudice under this rule shall bar the claimant from re-filing any claim based on the same acts, transactions or omissions as the dismissed claim.

609. PERIOD OF ELIGIBILITY FOR ARBITRATION

An arbitration must be initiated within two years of the date the claimant knew or should have known of the dispute on which the claim is based, except that claims filed pursuant to Rule 600.C. must be submitted within 10 days of receiving notice that the Exchange has refused to compensate the claimant for the claimed loss.

Counterclaims, cross-claims and third-party claims must be submitted no later than the date on which the answer is due.

610. PARALLEL PROCEEDINGS

No claim will be accepted for arbitration at the Exchange if the Market Regulation Department receives notice that another arbitration, reparations action or civil court proceeding based on the same act, transaction or omission as the arbitration claim is pending at the time of filing.

No claim, counterclaim, cross-claim or third party-claim will be accepted for arbitration against a respondent if the Market Regulation Department has received notice that a stay exists due to the pendency of any bankruptcy proceeding against that respondent. If such a stay arises after a claim is accepted for arbitration or if the Market Regulation Department subsequently learns that such a stay is pending, the claim shall be dismissed without prejudice as to each respondent who is the subject of the stay. Nothing in this rule shall prevent a claim in arbitration from proceeding against any remaining respondent.

PRE-HEARING PROCEDURES

611. REQUESTS FOR DOCUMENTS, INFORMATION OR TESTIMONY

- A. The initial schedule for document requests by parties and responses will be set by the Market

Regulation Department. The chairman may require any member, or any person employed by or associated with a member to produce relevant documents in his possession or control at any time after a claim has been filed.

Upon the failure of a party or member to voluntarily produce relevant documents in its possession or control upon request by a party, the party seeking the documents may submit a written request to the chairman for an order compelling the production of such documents.

1. Any request for an order compelling production of documents must:
 - a. identify each document or type of document sought with as much specificity as possible;
 - b. explain the relevance of each document or type of document sought; and
 - c. include a representation that the requesting party has attempted to obtain the documents from the responding party before resorting to a request to the chairman.
 2. The party or member against whom an order compelling production is sought shall:
 - a. produce copies of the requested documents to the requesting party and the Exchange; or
 - b. represent in writing that the documents are not in his possession or control and explain the basis for such representation, and, if applicable, identify who is in possession or control of the requested documents; or
 - c. object in writing to a request and provide the basis for each objection.
- B. In connection with any claim, counterclaim, cross-claim or third-party claim that seeks relief in excess of \$50,000, any party may seek leave from the chairman to serve written requests for information on any other party. The chairman shall have discretion to determine whether and under what circumstances such requests may be permitted.
- C. The chairman may require any member, or any person employed by or associated with a member, to appear and to testify at a hearing.
- D. Whenever such production or appearance results from the request of a party, all reasonable costs and expenses incurred shall be borne by the party making the request, unless directed otherwise by the panel. A party who incurs costs and expenses recoverable under this rule may, no later than the close of the last hearing date in the matter, submit an application to the panel for such costs and expenses. Such application shall contain a detailed explanation of amounts claimed. The panel may grant or deny all or any portion of the application.
- E. Any member or employee thereof failing to appear, testify, produce documents or provide information in accordance with this rule may be ~~guilty of a major offense~~ charged with a violation of Rule 432.

612. DOCUMENTS AND WITNESSES TO BE PRESENTED AT HEARING

No later than 10 business days prior to the first scheduled hearing, each party must provide every other party and the Exchange with copies of all documents that the party intends to offer into evidence and a list of the names of all witnesses, including party-witnesses, who the party intends to call at the hearing in support of a claim or defense. Parties are not required under this rule to provide copies of those documents that they may use, or to identify any witnesses whom they may call, only in cross-examination or rebuttal.

613. ADDITIONAL PROCEDURES

The chairman may establish any procedures not otherwise contemplated by these rules necessary to establish a just, equitable and efficient method of resolving a particular dispute, except that the chairman may not decide a motion to dismiss a claim, as motions to dismiss are not permitted under these rules.

HEARINGS

614. ARBITRATION PANEL

614.A. Appointment of Arbitration Panel

The Market Regulation Department shall select a panel of arbitrators from the Exchange's Arbitration Committee to hear and decide a dispute. The panel shall consist of five arbitrators and one chairman.

614.B. Requests to Remove an Arbitrator

1. Each party may request the removal of any arbitrator(s) from a panel for good cause shown. Such request must be made no later than the start of testimony at the first scheduled hearing. Failure of a party to timely request the removal of any arbitrator(s) will be deemed a waiver of that party's

right to any further objection to the arbitrator's participation in the hearing and decision of the dispute.

2. The chairman, after considering a request to remove an arbitrator, another party's objections thereto and/or the statements of an arbitrator whose removal is sought, may deny the request or excuse the arbitrator. The chairman's decision shall be final and may not be appealed.
3. If an arbitrator is excused prior to the date of the first scheduled hearing, the Market Regulation Department shall select another Arbitration Committee member to replace the excused arbitrator at the hearing. Parties may make any appropriate request for the removal of the replacement arbitrator under this rule.
4. If an arbitrator is excused on or after the date of the first scheduled hearing, the dispute may, at the election of the non-requesting party and with the consent of the chairman be heard and decided by the remaining arbitrators.

615. HEARING PROCEDURES

615.A. Chairman

The panel chairman shall preside over the proceeding and shall make such determinations on relevancy and procedure as will promote a fair and expeditious adjudication of any claim. The chairman may administer oaths or affirmations by witnesses. Upon request of the panel chairman, the Market Regulation Department shall submit any documents to the panel and parties in the Exchange's possession that are relevant and readily available.

615.B. Arbitrators

The arbitration panel shall consider all relevant, probative testimony and documents submitted by the parties. The panel shall be the sole judge of the law and the facts, but if the panel is in doubt as to any questions of law, it may refer the question to Exchange legal counsel for an opinion. The panel shall not be bound by the formal rules of evidence. The final decision of the panel shall be by majority vote of the arbitrators, and the chairman shall vote only to resolve a tie.

615.C. Parties and their Representatives

Each party and his representative has the right to examine all relevant documents prior to and during the hearing, to present all relevant evidence in support of a claim or defense or as rebuttal to a claim or defense, and to question during the hearing witnesses presented in connection with a claim or defense. An entity may have one corporate representative of the entity, in addition to any counsel of record, attend the arbitration hearing. Such corporate representative will not be precluded from testifying in the matter.

615.D. Witnesses

All testimony offered to the panel will be under oath or affirmation. Witnesses will be permitted in the hearing room only while providing testimony to the panel. Witnesses shall testify in person at the hearing, except that for good cause shown and in the discretion of the chairman, a witness may be allowed to testify by telephone or other appropriate means.

615.E. Hearing Record

An audio recording of the proceeding shall be made and maintained until the decision becomes final. A verbatim record of such recording shall not be transcribed unless requested by a party, who shall bear the cost of transcription.

DECISIONS

616. AWARDS

616.A. Decision by Panel

After a hearing, or, on customer claims that do not exceed \$5,000 upon consideration of the pleadings and other relevant information, the arbitration panel shall issue a written decision signed by the panel chairman and at least a majority of the panel. The panel may decide any matter in controversy and issue any order the panel deems necessary to fully resolve the dispute. The Market Regulation Department shall promptly serve copies on all parties. A monetary award made by the panel may include the following:

1. actual damages;
2. interest thereon;
3. punitive damages of no more than two times the amount of actual damages in accordance with Rule 601.A.5.;

4. the arbitration fee incurred by a prevailing party, or a portion thereof; and
5. all or any portion of the administrative costs of the proceeding and any other reasonable and necessary expenses, including, but not limited to, attorneys' fees (a) incurred by a party by reason of another party's frivolous or bad faith claim, defense, or conduct during the arbitration or (b) where a statutory or contractual basis exists for awarding such fees. Requests for attorneys' fees and costs incurred in the arbitration proceeding must be raised in the proceeding or they are waived.

616.B. Decision by the Chairman

The chairman may order a party who fails to prosecute or defend a claim to pay to the Exchange all or a portion of its administrative costs incurred in connection with the arbitration claim.

616.C. Limitations on Monetary Awards

Monetary awards in claims filed pursuant to Rule 621 shall be limited as set forth in Rule 578.

617. CORRECTION OF AWARD

Any party may, within three days after receipt of the notice of decision, request the arbitration panel to modify or correct its decision where there has been an obvious material miscalculation or misdescription or where the notice is imperfect in a matter of form not affecting the merits of the dispute or decision.

618. SATISFACTION OF AWARD

In the absence of any request to correct an award, the award must be satisfied within three days of receipt of the notice of decision. Any party directed to pay an award shall submit payment of any amounts due directly to the person receiving the award and shall also submit evidence of such payment to the Market Regulation Department.

APPEALS

619. APPEAL

Any decision rendered in a dispute among members resulting in a non-cash award or involving a claim, counterclaim, cross-claim or third-party claim that sought a recovery over \$10,000 may be appealed to a hearing committee of the Board. All other decisions rendered by an arbitration panel are final and may not be appealed. In order to appeal a decision, a party must, within three business days after receiving a copy of the decision:

- A. File with the Market Regulation Department a written notice stating the grounds for appeal based upon the standards set forth in Rule 620, and
- B. Deposit with the Market Regulation Department the applicable fee established by the Exchange, together with a cashier's or certified check payable to CME in the amount of any monetary award against the appellant.

Failure to timely comply with these requirements for appeal, when applicable, shall constitute a waiver of any right to appeal and render the arbitrators' decision final and binding.

Within 14 days after filing a notice of appeal, the appellant shall file with the Market Regulation Department any argument and any documents or information that the appellant intends to use in support of the appeal. The appellee shall have 14 days thereafter to file whatever documents or information he intends to rely upon in opposition to the appeal. An extension beyond the 14-day filing period may be granted by the Market Regulation Department upon a showing of good cause. In the case of a non-cash award, the filing of the notice of appeal shall not stay the decision appealed from unless the panel from which the appeal is taken or the ~~Managing Director of~~ Chief Regulatory Affairs Officer specifically directs that the decision be stayed.

The appeal shall be heard by a hearing committee of the Board, and the matter shall be heard within 60 days of the end of the appellee's filing period, unless the Market Regulation Department or the chairman of the hearing committee determines that good cause for an extension has been shown. The hearing committee shall consist of three directors appointed by the Chairman of the Board, one of whom the Chairman of the Board shall designate as chairman of the hearing committee. No director may serve on a hearing committee if he has a personal or financial interest in the matter under consideration. A party may strike any member of the hearing committee for good cause shown as determined by the ~~Managing Director of~~ Chief Regulatory Affairs Officer, in which event that director shall be excused from hearing the matter. The Chairman of the Board shall then select an alternate participant from the Board. Any meeting of the hearing committee shall require the presence of each director appointed to the committee and shall be conducted by the chairman of the hearing committee. The parties may, upon unanimous consent, waive the right to hearing, and the hearing committee may consider the

matter based solely on the parties' written submissions.

620. STANDARDS AND PROCEDURES FOR REVIEW UPON APPEAL

In the following cases, the hearing committee may enter an order amending or vacating the award of the arbitration panel:

- A. Where the award was procured by corruption, fraud or undue means;
- B. Where there was evident partiality or corruption on the part of any of the arbitrators or the chairman;
- C. Where the arbitrators were guilty of misconduct in refusing to hear relevant evidence; or of any other behavior by which the rights of any party have been prejudiced;
- D. Where the arbitrators exceeded their powers, or so imperfectly executed them that a mutual, final, and definite award upon the dispute submitted was not made; or
- E. Where the arbitrators acted in manifest disregard of the applicable law, including Exchange rules.

The hearing committee shall consider only the record made before the panel and any other evidence submitted by the parties relevant to A. through E. above. In the event that the hearing committee determines to vacate the award, the matter shall be resubmitted to a new panel of arbitrators for a rehearing. In the event that the hearing committee amends the award or denies the appeal, such decision of the hearing committee shall be final and binding.

ADDITIONAL CLAIMS

621. CERTAIN CLAIMS AGAINST THE EXCHANGE INVOLVING TRADING SYSTEMS OR SERVICES

621.A. General

All claims arising out of or relating to the following matters shall be arbitrated in accordance with the specific requirements of this Rule 621 and, to the extent not inconsistent with such requirements, the rules of this Chapter:

- 1. receipt of an incorrect order status or the failure to have received an appropriate order status;
- 2. the negligence of GCC personnel or any other Exchange staff; or
- 3. Phantom Orders, as defined in Rule 587.

Nothing in Rules 621 or 622 shall be construed to create a claim against the Exchange, to limit a defense available to the Exchange, or to obviate or modify any limitation of Exchange liability imposed by any other rule.

621.B. Initial Liability Claim and Demand for Arbitration

The initial claim of loss, including a detailed description of any loss suffered, must be made to the Exchange within ten business days of the date of the incident that caused the loss. The Exchange shall have 30 business days to pay or deny the claim in whole or in part. If the Exchange denies the claim in whole or in part, the claimant must file a written demand for arbitration with the Market Regulation Department within ten business days after the Exchange has notified the claimant of such denial. A claimant's failure to pursue its claim within these time limits shall bar any recovery on such claim.

621.C. Selection of Arbitration Panel

The arbitration panel shall consist of three arbitrators selected from a list of arbitrators maintained by the National Futures Association ("NFA"). The Exchange and the claimant shall each select one arbitrator. If the Exchange and the claimant are unable to agree on the third arbitrator, the President of the NFA or his delegate shall choose the third arbitrator.

621.D. Related Claims

All claims arising out of the same system failure, event or alleged negligent act shall, to the extent practicable in the determination of the chairman, be consolidated for a single hearing.

621.E. Award

Within 30 days of completion of the hearing, the panel shall issue a written decision. The award shall be limited to the lesser of the actual loss or the loss that would have been incurred if the claimant had used its best efforts to mitigate the loss. Punitive damages, loss of profits, loss of use, and indirect, incidental or consequential damages shall not be awarded. The decision of a majority of the panel shall be final and binding, and there shall be no appeal to the Board of Directors. A party may move, within three business days of the award, that the award be corrected to remedy any miscalculation or misdescription or where the award is otherwise imperfect in a matter of form not affecting the merits of

the award.

621.F. Satisfaction of Award by Exchange

The Exchange shall satisfy any award against it subject to its limitation of liability rules and the rules respecting proration among claimants where damages allowed for a defined period of time exceed any limit imposed by Exchange rules. The Exchange may delay paying any award until such time as any applicable proration or limitation can be finally calculated.

622. CLAIMS RELATING TO TRADE CANCELLATIONS OR PRICE ADJUSTMENTS

622.A. General

All claims relating to certain price adjustments or trade busts pursuant to Rule 588.C.3.a. and b. shall be arbitrated in accordance with the specific requirements of this Rule 622 and, to the extent not inconsistent with such requirements, the rules of this Chapter. All claims pursuant to Rule 588.C.3.d. shall be arbitrated in accordance with the rules of this Chapter.

622.B. Initiation of Claim

Any claim for loss under Rule 588.C.3.a. or b. must first be submitted to the Exchange as described in Rule 588.D. Following a denial of liability by a party responsible for a trade bust or price adjustment and by the clearing firm through which the trade was placed as described in Rule 588.D., the dispute shall be referred to arbitration. The Exchange shall administer the arbitration and provide notice to all parties.

The party alleged to have made the trade that caused the trade bust or price adjustment and the clearing firm through which that trade was placed both may be respondents in such arbitration. Any party responsible for a trade bust or price adjustment who is not otherwise subject to arbitration under these rules may voluntarily submit to such arbitration by filing a submission agreement with the Exchange within 21 days of that party's receipt of notice of the referral to arbitration. In the absence of the voluntary submission to arbitration by such party, the arbitration shall proceed solely against the clearing firm through which the trade was placed, and that firm shall be liable for any damages awarded by the panel.

622.C. Selection of Arbitration Panel

All claims under Rule 588.C.3.a. and b. shall be heard by a Mixed Panel as defined in Rule 601.A.3.

622.D. Related Claims

All claims arbitrable under this rule that arise out of a trade bust or price adjustment that was caused by the same incident shall, to the extent practicable in the determination of the chairman, be consolidated in a single arbitration.

622.E. Award

Within 30 days of completion of the hearing, the panel shall issue a written decision signed by a majority of the arbitrators.

The total award for a single incident shall not exceed \$500,000. Except as provided below, the claims shall be limited to out-of-pocket losses. If the claimants' allowable losses exceed \$500,000, the amount awarded to each claimant shall be reduced pro rata so that the total award does not exceed \$500,000. Any award shall be made jointly and severally against the respondents. In the event the panel finds the respondent(s) liable for the full amount of the claim (or the capped amount of \$500,000), the panel shall also award the claimants their costs and attorneys fees incurred in connection with arbitrating the claim. Punitive damages, loss of profits, loss of use, and indirect, incidental or consequential damages shall not be awarded. The decision of a majority of the panel shall be final and may not be appealed.

A party may move, within three business days of the award, for an order correcting or modifying the award to remedy any miscalculation or misdescription or where the award is otherwise imperfect in a matter of form not affecting the merits of the award.

MISCELLANEOUS

623. RIGHT TO COUNSEL

Every person is entitled to represent his own interests, be represented by an attorney at law of his choosing and at his own expense who is admitted to practice before the highest court in any State, or be represented by any other non-compensated representative at any stage of an arbitration proceeding at the Exchange. An entity must be represented by an officer or owner of the entity or by an attorney at law.

624. COMPUTATION OF TIME

For the purposes of this Chapter, when a period of time is prescribed by a number of days, and not a specific date, the first day counted for the time prescribed is the day after notice is received or other event giving rise to the period of time occurs. Any submission is due or the time to take action shall lapse by the close of business on the last day counted, unless the last day is a weekend or Exchange holiday, in which case the due date shall be the next following day the Exchange is open for business.

For time periods of five days or less only days the Exchange is open for business will be counted. For all other time periods calendar days will be counted.

625. SUBMISSIONS TO OR COMMUNICATIONS WITH THE PANEL

Any submission for consideration by a chairman or panel must be submitted to the Market Regulation Department with copies simultaneously served on each other party or designated representative of a party.

After a dispute has been submitted for arbitration, a person filing the claim or required to respond to the claim and any person asked to provide documents, information or testimony in connection with such claim shall not contact any member of a panel appointed to hear the claim for any purpose related to the dispute described by the claim.

626. ARBITRATION FEES

Any person submitting an arbitration claim or appealing a decision of an arbitration panel shall remit the applicable fees as may be determined by the Exchange at the time of submission or appeal, in order for such action to be effective.

ARBITRATION COMMITTEE

627. ARBITRATION COMMITTEE

Each member of the Arbitration Committee shall:

- A. be appointed by the Board Chairman on an annual basis;
- B. pledge to the Exchange that he will not publish, divulge, or make known in any manner any facts or information which may come to his attention while performing his duties as a member of the Arbitration Committee, except when reporting to the Board, or to a committee concerned with such information, or when called upon to respond in any judicial or administrative proceeding;
- C. comply with the standards of the American Bar Association-American Arbitration Association's "Code of Ethics for Arbitrators in Commercial Disputes" which the Exchange hereby adopts as its own code of ethics for arbitrators;
- D. pledge to immediately disclose any matter, relationship or interest with any party or the subject of a dispute which may affect the arbitrator's ability to be, or create the appearance that the arbitrator is not, impartial in deliberating and deciding a dispute; and
- E. promptly give notice to the Market Regulation Department of any ex parte communication directed to such Arbitration Committee member which is prohibited by Rule 625.

(End Chapter 6)

Chapter 7 Delivery Facilities and Delivery Procedures

GENERAL

700. SCOPE OF CHAPTER

Deliveries and delivery facilities shall be governed by this chapter and, where applicable, the chapter which includes the contract specifications for the commodities being delivered and such other requirements as the Exchange may prescribe.

701. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

If a determination is made by the Board or the Business Conduct Committee that delivery or final settlement of any contract cannot be completed as a result of any emergency, it shall take such action as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract. Notwithstanding the above, in the event that the Board or the Business Conduct Committee cannot be convened on a timely basis, the Chief Executive Officer, ~~or the President,~~ and the Chief Operating Officer may take any action deemed necessary, and such action shall be binding upon all parties to the contract.

It shall be the duty of members and clearing members to notify the Exchange of any circumstances wherein a delivery or acceptance or any precondition or requirement thereof is prevented by an act of government, act of God or other emergency.

702. CLEARING MEMBER DUTIES TO THE CLEARING HOUSE

Every clearing member carrying open long or short positions shall present to the Clearing House each business day an accurate inventory of such open positions. The inventory of open long and short positions shall be reported to the Clearing House in such manner and at such times as the Clearing House may prescribe.

A clearing member, carrying an account ~~for a customer~~ that is required to make or accept delivery, agrees to guarantee and assume complete responsibility for the performance of all delivery requirements set forth in the rules.

In the event a clearing member fails to perform its delivery obligations~~requirements~~ to the Clearing House, such failure may be deemed a default pursuant to Rule 802. In a delivery default, the Clearing House shall seek to ensure the financial performance with respect to the delivery. In this regard, the Clearing House powers will include, but will not be limited to, the right to sell or liquidate the commodity subject to delivery and to distribute the proceeds as appropriate.

~~Upon request, every clearing member with an open long or short position shall present to the Clearing House an inventory with such open positions in a form as the Clearing House may prescribe. Upon request thereafter, accurate daily offset memoranda shall be submitted to the Clearing House through and including the final day of trading.~~

DELIVERY FACILITIES AND PROCEDURES FOR AGRICULTURAL COMMODITIES

703. APPROVED WAREHOUSES

703.A. Conditions for Approval

The Board may establish such requirements and conditions for approval as it deems necessary. However, no warehouse shall be eligible for approval unless it is a licensed, public, cold storage warehouse, agrees to issue receipts, meets all local, state and federal requirements, and agrees:

1. To record the date and exact location of all commodities stored; to include the date of storage on the warehouse receipt; to record all changes of location; and to allow the Exchange to inspect all such records.
2. To clearly identify each lot and subplot by number.
3. To permit the graders sent by the Exchange to select their own samples.
4. To plainly mark any sample taken out of the storage room for grading.

5. To record when any lot or subplot has been reconditioned or had its number changed; to advise the Exchange of this fact prior to tendering such lot or subplot for inspection; and to wait a reasonable time after advising the Exchange for further instructions.
6. To make such reports, keep such records and permit such warehouse visitation as the CFTC may prescribe under the provisions of the Commodity Exchange Act; such books and records to be kept by the warehouse for a period of five years from the date thereof, or for such other period if the CFTC shall so direct, and such books and records and warehouse shall be open at all times to inspection by any representative of the CFTC, the United States Department of Justice or authorized officials of the Exchange.
7. To report not later than 4:00 p.m. Central time on the first business day of each week, or as required by the Exchange, to representatives of the CFTC, and the Exchange, total stocks of such commodities as are traded on the Exchange which are held in storage as of the close of business the preceding week, and all receipts and withdrawals of such commodities occurring subsequent to the last report.

703.B. Warehouse Receipts

Warehouse receipts presented in satisfaction of delivery requirements must have been issued by a warehouse which has been approved by the Exchange for at least 30 days previous to the date of the delivery, and the commodities covered must have entered storage on or subsequent to the date of approval. The initial date of approval of warehouse, the approved status of which has been continued or renewed without interruption since that initial approval, shall be deemed the date of approval.

704. APPROVED STOCKYARDS AND SLAUGHTER PLANTS FOR LIVE CATTLE

Deliveries on Exchange contracts of live beef cattle can be made only at public livestock yards and slaughter plants designated and approved for delivery by the Exchange.

A public livestock yard shall not be eligible for deliveries as an approved stockyard unless it is a stockyard within the definition of the Packers and Stockyards Act, 1921 as amended, and has received notice to that effect from the Secretary of Agriculture. Approved stockyards shall be required to keep such records, make such reports and be subject to inspection and regulation by the Secretary of Agriculture, as provided in said Packers and Stockyards Act.

An approved slaughter plant shall, at a minimum, be federally inspected, slaughter primarily fed cattle in the normal course of business, have a fed cattle slaughter capacity of at least 500 head per day, have proper facilities for weighing and grading, and be located within approximately 150 miles of one or more approved stockyards.

705. APPROVED PLANTS FOR PORK BELLIES

In order to become eligible for in-plant gradings of pork bellies, a plant shall apply to and be approved by the Exchange.

The owner or owners of the approved plant must certify the following:

- a. The plant is federally inspected;
- b. The plant has proper facilities for grading and weighing;
- c. The plant has either resident Agricultural Marketing Service graders or has made arrangements with regional AMS personnel so that grading can be handled in the prescribed time.

706. APPLICATION FOR GRADING

Application for live beef cattle or pork bellies gradings to be used for delivery on exchange transactions must be filed by clearing members with the Clearing House. Requests for gradings will be forwarded to the appropriate government office in the order in which applications are received.

For all in-plant pork bellies gradings the clearing member shall notify the Clearing House of request for inspection by 10:00 a.m. Central time one day prior to the date the grading is to be done and specify the time and place at which the fresh bellies will be available for grading.

707. OFFICIAL EXCHANGE CERTIFICATES

All agricultural commodities delivered through the Exchange must carry an Exchange Certificate bearing the signature of the President of the Clearing House and showing the grade of the commodity and the expiration date of the certificate. On all commodities where the grades are based on United States Government standards, and on all other commodities identified by the Exchange, the commodities shall be graded by government graders, and the government grading certificate shall be attached to the Exchange Certificate. The Exchange may charge for the Exchange Certificate.

If the official USDA grading certificate or other required grading certificate is, through no fault of the seller, not received in time to make delivery, the President of the Clearing House, at his sole discretion, may issue the Official Exchange Certificate on the basis of an electronically transmitted or telephoned report from the USDA grader or other designated grader. Such report shall state that the delivery unit has passed grading, note any defects that may be the basis for allowances, and state that the required USDA grading certificate has been prepared for transmittal. In such case, the report shall be attached to the Exchange Certificate pending receipt of the USDA grading certificate. The buyer shall in this event deliver payment by noon on the business day following the day of delivery to the Clearing House which shall hold the payment until all the required documents are received. If all the required documents are not received within the required time, it will be deemed a delivery obligation failure by the seller who must replace the delivery unit within the time prescribed by the Clearing House.

708. EXCHANGE CERTIFICATE INVALIDATED

The removal of the commodity from the place of location designated on the Exchange Certificate invalidates the certificate.

709. DUPLICATE CERTIFICATES

Copies of an Exchange Certificate may be obtained at the Clearing House by the member who ordered the original grading or the owner of the goods if he is a member. There shall be stamped on each such copy the word "duplicate". The Exchange may charge for each duplicate copy issued.

710. LIABILITY FOR NEGLIGENCE OF GRADERS

The Exchange shall not be liable for any error or negligence of any grader, and all claims for liability relating to gradings shall be waived by the application for the Exchange Certificate. The liability for any error in a certificate shall be that of the first party who uses the certificate for delivery through the Exchange.

711. FINALITY OF USDA OR OTHER REQUIRED GRADING CERTIFICATE

The Exchange assumes no responsibility and disclaims all liability on account of the grade, quantity or specifications of any commodity delivered on the basis of a USDA or other required grading certificate.

712. [RESERVED]

713. DELIVERY PROCEDURES

713.A. Notice of Intent to Deliver

Where delivery requires a Notice of Intent to Deliver, the seller shall comply with the requirements of the relevant contract specifications chapter and such requirements as are prescribed by the Clearing House.

713.B. Delivery Notice

In the event a Delivery Notice is not generated by the Clearing House, the seller shall, within the time prescribed by the relevant contract specifications chapter or as may be prescribed by the Clearing House, tender to the Clearing House a Delivery Notice on a form prescribed by the Clearing House and such other information as is required by the Clearing House. The Delivery Notice shall contain the net invoicing price which shall be the last settlement price and, if applicable, allowances and adjustments.

713.C. Possession of Product and Relevant Documents

The seller shall by such time as is prescribed in the relevant contract specification chapter on the day of tender have possession of the product and all relevant documents.

713.D. Notice to Buyers

The Clearing House promptly shall pass the Delivery Notices in the order in which they are received to the clearing members obligated by the oldest open long contracts to take delivery of the same amounts of the same commodities for the same delivery month. When a member of the Clearing House who has open purchases is suspended from the Clearing House for default or insolvency, he shall be deemed out of line for delivery and tender shall be made to the clearing member obligated upon the next oldest long contract. Also, if tender is made to a clearing member who is thereafter suspended for default or insolvency before delivery is accepted, then, subject to the provisions of Rule 718, the Delivery Notice shall be withdrawn and another immediately served upon the clearing member obligated upon the next oldest long contract.

713.E. Payment

Unless otherwise specifically provided in the relevant contract specification chapter, a buyer receiving a Delivery Notice from the Clearing House shall make payment in same day funds, for the net invoicing price. The buyer shall then be entitled to all required documents in proper form and with such endorsements as may be necessary to convey title and possession and as are necessary to expedite shipment. The buyer shall also be entitled to all other documents as are otherwise required by the provisions of the relevant contract specification chapter.

714. FAILURE TO DELIVER

A failure by a clearing member to tender a Delivery Notice on or before the time specified by the Clearing House on the last day on which such notice is permitted shall be deemed a delivery obligation failure, except that the President of the Clearing House may, for good cause, extend the time to present such notice. Unexcused failure to make delivery shall be deemed an act detrimental to the interest or welfare of the Exchange violation of Rule 432.Q., a major offense. In addition to the penalties provided in Chapter 4 and in the relevant contract specification chapter, the Clearing House Risk Committee shall determine and assess the damages incurred by the buyer, taking into account the settlement price and such other factors as it deems appropriate.

715. FAILURE TO REMIT FULL PAYMENT

If a clearing member obligated to receive delivery fails to make full payment to the seller, the Clearing House shall debit the account of said clearing member an amount sufficient to complete the delivery. In any event, the clearing member failing to make payment shall be liable for a penalty of \$7.50 per 1,000 board feet on lumber and \$.015 per pound on all other commodities or as otherwise provided in the respective contract specification chapter, and any additional documented costs incurred by the seller or by the Clearing House.

Failure to remit full payment shall be deemed an act detrimental to the interest or welfare of the Exchange violation of Rule 432.Q., a major offense.

716. DUTIES OF CLEARING MEMBERS

Prior to the last day of trading, each clearing member shall require evidence for each account on his books that all futures positions which will not be offset on the last day of trading will be completed by delivery. If a customer is unwilling or unable to provide such evidence, the clearing member must liquidate the position on or before the last day of trading.

717. [RESERVED]

718. CUSTOMER SUBSTITUTION IN THE EVENT OF CLEARING MEMBER BANKRUPTCY

In the event that an "order for relief" as defined at CFTC Reg. 190.01(dd) has been entered in respect to a clearing member whose customer holds a futures contract or options contract that may only be liquidated by physical delivery and, as to such contract:

- (i) trading has ceased on the date of the entry of the "order for relief;"
- (ii) notice of delivery has been tendered on or before the date of the entry of the "order for relief;" or
- (iii) trading ceases before the trustee can liquidate the contract;

then, notwithstanding Rule 713.D., the Clearing House shall allow the customer (if his identify can be readily ascertained and verified) to be directly substituted for the debtor clearing member to the extent necessary to complete delivery. None of the requirements for delivery, including notices, instructions, payment, etc., shall be waived hereby. Moreover, substitution shall in no way relieve the debtor clearing member of its obligations to the Clearing House and the opposite clearing member in regard to any claims arising out of that delivery.

~~719. TRANSFER OF CASH FOR FUTURES AFTER TERMINATION OF CONTRACT~~

~~Subject to approval by the Clearing House, a transfer of cash merchandise for futures may be permitted during the contract month after termination of the contract. This rule shall not apply to options contracts.~~

~~Such transfer of cash for futures shall be cleared through the Clearing House in accordance with normal procedures and shall be made at the prices as are mutually agreed upon by the two parties to the transaction. Such transactions shall not establish new futures positions. Such transfers of cash for futures shall be clearly designated by proper symbol as transfer transactions and shall be recorded by the Exchange and the clearing member to the transactions, and proper notice given to the membership. Each party to such transactions must satisfy the Clearing House that the transaction is bona fide and~~

~~must file with the Clearing House, all memoranda necessary to establish the nature of the transaction, the kind and quantity of the cash commodity, the kind, quantity and price of the commodity futures, the names of all clearing members to the transaction and such other information as the Clearing House may require.~~

72019. - 729.[RESERVED]

CLS CURRENCY DELIVERIES

730. DELIVERY THROUGH CLS BANK AND/OR THE CME CLS AGENT BANK

Consistent with procedures prescribed by the CME Clearing House, CME currency futures contracts are required to be physically delivered through the CLS (Continuous Linked Settlement) Bank System where both the trading unit currency and the price increment (minimum fluctuation) currency are supported by CLS delivery procedures. Notwithstanding the foregoing, a clearing firm shall not be required to make physical delivery through the CLS Bank System for any currency futures contract where the delivery exposure of the clearing firm is reasonably expected not to exceed \$25 million for any one currency futures contract. Exchange staff shall determine the CME CLS Agent Bank for facilitating the delivery of currencies through CLS Bank. Clearing firms delivering CME currency futures contracts must use an approved CLS agent bank for deliveries through CLS Bank, which may be the CME CLS Agent Bank or any other approved CLS agent bank. If practicable, in those situations where clearing firms delivering CME currency futures contracts use the CME CLS Agent Bank for delivery, then physical delivery may occur by book entry at the CME CLS Agent Bank and not be settled through the CLS Bank.

When buyers and sellers elect to do currency deliveries through the CLS System, they agree to abide by the deadlines and compensation conventions established by their CLS agent bank, the CME CLS Agent Bank and the CLS Bank. The CME Clearing House's obligation to the delivery transaction ends when payment is made through the CLS System.

731. FOREIGN CURRENCY BUYER'S DUTIES FOR CLS DELIVERIES

A clearing member that intends to accept delivery of a foreign currency through the CLS System to liquidate a net long position in that foreign currency shall, no later than 11:00 a.m. Chicago time on the last day of trading, present to the Clearing House a Buyer's CLS Delivery Commitment, which identifies the CLS agent bank used by the buyer and the number of contracts and the component delivery values. Also, the clearing member/customer shall arrange with their CLS agent bank to input the relevant instructions into the CLS System no later than 1:00 p.m. Chicago time on the business day preceding the delivery day. The CME Clearing House will input the Exchange's relevant contra-side instructions into the CLS System. (The CME Clearing House is the seller to every buyer and the buyer to every seller in the currency delivery process through the CME CLS Agent Bank.)

A match of delivery information must occur in order for a delivery transaction to be finalized. In the event that clearing member/customer instructions are not entered into the CLS System by 1:00 p.m. Chicago time on the business day preceding the delivery day, then the unmatched transaction may not be completed and paid on the delivery date through the CLS System. In such event, delivery instructions may be resubmitted to the CLS agent bank for delivery on the subsequent business day. Also in such event, the Clearing House may assess fines for the delayed delivery. Further, if the delivery instructions remain unmatched by 1:00 p.m. Chicago time on the business day preceding the delivery day, the Clearing House may require the buyer of the foreign currency to post an Order to Pay to the appropriate Agent Bank by no later than the close of business that day, in addition to complying with other procedures as outlined in the Clearing House Manual.

If the Buyer's CLS Delivery Commitment is received later than 11:00 a.m. Chicago time on the last day of trading, but not later than 8:00 a.m. Chicago time on the following day, the buyer's clearing member shall be assessed a fine on a per contract basis, the amount to be determined by Exchange staff. Any deliveries memoranda or instructions received subsequent to 8:00 a.m. Chicago time on the day following the last day of trading shall be deemed a delivery obligation failure and acted upon in accordance with Rule 743.B. The buyer shall have made all provisions necessary to receive delivery within the country of issuance.

732. FOREIGN CURRENCY SELLER'S DUTIES FOR CLS DELIVERIES

A clearing member representing a customer delivering foreign currency through the CLS System to liquidate a net short position in that foreign currency shall, no later than 11:00 a.m. Chicago time on the last day of trading, present to the Clearing House a Seller's CLS Delivery Commitment, which identifies

the CLS agent bank used by the seller and the number of contracts and the component delivery values. Also, the clearing member/customer shall arrange with their CLS agent bank to input the relevant instructions into the CLS System no later than 1:00 p.m. Chicago time on the business day preceding the delivery day. The CME Clearing House will input the Exchange's relevant contra-side banking instructions into the CLS System. (The CME Clearing House is the buyer to every seller and the seller to every buyer in the currency delivery process through the CME CLS Agent Bank.)

A match of delivery information must occur in order for a delivery transaction to be finalized. In the event that clearing member/customer instructions are not entered into the CLS System by 1:00 p.m. Chicago time on the business day preceding the delivery day, then the unmatched transaction may not be completed and paid on the delivery date through the CLS System. In such event, delivery instructions may be resubmitted to the CLS agent bank for delivery on the subsequent business day. Also, in such event, the Clearing House may assess fines for the delayed delivery. Further, if the delivery instructions remain unmatched by 1:00 p.m. Chicago time on the business day preceding the delivery day, the Clearing House may require the seller of the foreign currency to comply with other procedures as outlined in the Clearing House Manual.

If the Seller's CLS Delivery Commitment is received later than 11:00 a.m. Chicago time on the last day of trading, but not later than 8:00 a.m. Chicago time on the following day, the seller's clearing member shall be assessed a fine on a per contract basis, the amount to be determined by Exchange staff. Any deliveries memoranda or instructions received subsequent to 8:00 a.m. Chicago time on the day following the last day of trading shall be deemed a delivery obligation failure and acted upon in accordance with Rule 743.B.

733. DELIVERY DATE

Delivery shall be completed in accordance with the specifications of the separate contracts.

734.-735. [RESERVED]

NON-CLS (LEGACY) CURRENCY DELIVERIES

736. REGISTERED BANKS AND OTHER FACILITIES

Exchange staff shall establish such requirements and preconditions for registration as a facility for the delivery of currencies as it deems necessary.

737. FOREIGN CURRENCY BUYER'S DUTIES

737.A. Currency Contracts

A clearing member representing a customer that intends to accept delivery of a foreign currency in liquidation of his net long position in that foreign currency shall, no later than 11:00 a.m. on the last day of trading, present to the Clearing House a Buyer's Non-CLS Delivery Commitment. In addition, the clearing member shall either deposit, or present a bank Order to Pay, an amount equal to the net U.S. dollar value of such customer's positions. Values for positions in contracts with minimum fluctuations denominated in U.S. dollars shall be the contract value based on the settlement price on the last day of trading. Values for positions in contracts with minimum fluctuations in foreign currency shall be the contract size. If the buyer elects to pay by deposit, the deposit shall be made by 1:00 p.m. on the first day preceding the delivery day that is a business day common to the Exchange, Chicago banks and New York City banks for all other currencies. Such deposit shall be in the form of a wire transfer of same-day funds to an account at a bank designated by the Clearing House. If the buyer elects to pay by bank Order to Pay, an Order to Pay from an Exchange-approved bank shall be presented to a bank designated by the Clearing House by 1:00 p.m. on the first day preceding the delivery day that is a business day common to the Exchange, Chicago banks and New York City banks for all other currencies. The Bank Order to Pay shall be in a form approved by the Clearing House, and shall promise to pay same-day funds on the delivery day.

737.B. Physical Delivery Currency Cross-Rate and Israeli Shekel Contracts

A clearing member representing a customer that intends to accept delivery of a Physical Delivery Currency Cross-Rate or Israeli Shekel Contract in liquidation of his position shall, no later than 11:00 a.m. on the last day of trading, present to the Clearing House a Buyer's Non-CLS Delivery Commitment. In addition by 1:00 p.m. on the first day preceding the delivery day that is a business day common to the Exchange, Chicago banks and New York City banks, the clearing member shall either deposit, or present a Bank Order to Pay, an amount in the minimum-fluctuation currency equal to the contract value based on the settlement price on the last day of trading. Such deposit shall be in the form of same-day funds to an account at a bank designated by the Clearing House. The bank Order to Pay

shall be in a form approved by the Clearing House, and shall promise to pay same-day funds on the delivery day.

737.C. Physical Delivery Euro versus Polish Zloty, Hungarian Forint and Czech Koruna Cross-Rate Contracts

A clearing member representing a customer that intends to accept delivery of Polish zloty, Hungarian forint or Czech koruna in liquidation of his net long position in that foreign currency shall, no later than 11:00 a.m. on the last day of trading, present to the Clearing House a Buyer's Non-CLS Delivery Commitment. In addition, the clearing member shall either deposit, or present a bank Order to Pay, an amount equal to the net Euro value of such customer's positions. Values for positions in contracts with minimum fluctuations denominated in Euros shall be the contract value based on the settlement price on the last day of trading multiplied by the trading unit. If the buyer elects to pay by deposit, the deposit shall be made by 9:00 a.m. on the first business day preceding the delivery day that is a business day common to the Exchange, Chicago banks, New York City banks and banks for the Euro ("Target system banks"). Such deposit shall be in the form of a wire transfer of same-day funds to an account at a bank designated by the Clearing House. If the buyer elects to pay by bank Order to Pay, an Order to Pay from an Exchange-approved bank shall be presented to a bank designated by the Clearing House by 1:00 p.m. on the first business day preceding the delivery day that is a business day common to the Exchange, Chicago banks, New York City banks and banks for the Euro ("Target system banks"). The Bank Order to Pay shall be in a form approved by the Clearing House, and shall promise to pay same-day funds on the delivery day.

Subject to the preceding three paragraphs, if the Buyer's Non-CLS Delivery Commitment is received later than 11:00 a.m. on the last day of trading, but not later than 8:00 a.m. on the following day, the buyer's clearing member shall be assessed a fine on a per contract basis, the amount to be determined by Exchange staff. Any deliveries memoranda or instructions received subsequent to 8:00 a.m. on the day following the last day of trading shall be deemed a delivery obligation failure and acted upon in accordance with Rule 743.B. The buyer shall have made all provisions necessary to receive delivery within the country of issuance.

737.D. Restrictions

From time to time, and frequently without warning, countries change the requirements and the restrictions on non-resident bank accounts. These take various forms including, but not limited to, non-interest-bearing deposit requirements, negative interest rates, prohibitions against investment in the country, ceilings on the amount of deposit and restrictions on the period of time such deposits may be maintained. It is the buyer's responsibility to be familiar with and in conformance with all regulations pertaining to the holding of non-resident bank accounts in the country in which he desired to accept delivery.

738. FOREIGN CURRENCY SELLER'S DUTIES

738.A. U.S. Dollar-Based Currency Contracts, Euro versus Polish Zloty, Hungarian Forint, Czech Koruna Cross-Rate Contracts

The clearing member representing a customer delivering foreign currency in liquidation of his net short position shall, no later than 11:00 a.m. on the last day of trading, present to the Clearing House a Seller's Non-CLS Delivery Commitment.

738.B. Physical Delivery Currency Cross-Rate and Israeli Shekel Contracts

The clearing member representing a customer making delivery of a Physical Delivery Currency Cross-Rate or Israeli Shekel Contract, except for cross-rate contracts referenced in Rule 738.A., in liquidation of his position shall, no later than 11:00 a.m. on the last day of trading, present to the Clearing House a Seller's Non-CLS Delivery Commitment. In addition by 1:00 p.m. on the first day preceding the delivery day that is a business day common to the Exchange, Chicago banks and New York City banks, the clearing member shall either deposit, or present a Bank Order to Pay, an amount equal to the trading unit. Such deposit shall be in the form of same-day funds to an account at a bank designated by the Clearing House. The Bank Order to Pay shall be in a form approved by the Clearing House, and shall promise to pay same-day funds on the delivery day. The Seller shall have made all provisions necessary to receive delivery of the minimum-fluctuation currency within the country of issuance. The Seller's clearing member shall be responsible for delivering the foreign currency on the delivery date to a bank designated by the Clearing House. The Exchange reserves the right to eliminate the requirement for sellers to post a Bank Order to Pay in the event that a given country's payments systems, which previously required a prior Bank Order to Pay posting, implements same-day finality of payment.

Subject to the preceding two paragraphs, if the Seller's Non-CLS Delivery Commitment is received later

than 11:00 a.m. on the last day of trading, but not later than 8:00 a.m. on the day following the last day of trading, the seller's clearing member shall be assessed a fine on a per-contract basis, the amount to be determined by Exchange staff. Any deliveries memoranda or instructions received subsequent to 8:00 a.m. on the day following the last day of trading, shall be deemed a delivery obligation failure and acted upon in accordance with Rule 743.B.

738.C. Restrictions

From time to time, and frequently without warning, countries change the requirements and the restrictions on non-resident bank accounts. These take various forms including, but not limited to, non-interest-bearing deposit requirements, negative interest rates, prohibitions against investment in the country, ceilings on the amount of deposit and restrictions on the period of time such deposits may be maintained. It is the seller's responsibility to be familiar with and in conformance with all regulations pertaining to the holding of non-resident bank accounts in the country in which he desired to make delivery.

739. DELIVERY DATE

Delivery shall be completed in accordance with the specifications of the separate contracts.

740. PAYMENTS

The Clearing House shall designate a bank in each foreign country into which foreign currency shall be delivered. These banks shall notify the Clearing House when foreign currency funds have been received. In the case of Currency Contracts, the foreign currency delivery for each customer shall equal the net short value of positions in that foreign currency. Values for positions in contracts with minimum fluctuations denominated in U.S. dollars shall be the contract size. Values for positions in contracts with minimum fluctuations in foreign currency shall be the contract value based on the settlement price on the last day of trading. In the case of Currency Contracts, the Clearing House shall, promptly after receipt of notification that foreign currency funds have been received, transfer the U.S. dollar funds previously deposited by the foreign currency buyer's clearing member to the account of the foreign currency seller's clearing member.

741. COSTS OF DELIVERY

The deliverer of a foreign currency shall bear the costs of transferring the foreign currency into a bank designated by the Clearing House. The receiver of a foreign currency shall bear the costs of transferring the foreign currency out of the bank designated by the Clearing House. Such costs may include, but are not limited to, wire transfer charges, negative interest charges and transaction fees.

742. DELIVERY NETTING

742.A. CLS Delivered Currency Futures Contracts

Exchange currency futures contracts delivered through the CLS Bank and/or the CME CLS Agent Bank shall be netted according to procedures specified by the Clearing House from time to time.

742.B. Non-CLS Delivered Currency Futures Contracts

To facilitate spread trading between currency products where positions held to termination create offsetting currency payment obligations, the Clearing House may net to the extent possible physical delivery payment obligations by clearing member customer by currency, in accordance with the procedures outlined in the Clearing House Manual of Operations. Clearing members desiring netting of obligations may only net payment obligations that arise from positions belonging to the same beneficial account owner, and shall be required to submit a Delivery Netting Request form, which identifies the final positions and net currency payments of a customer requesting delivery netting, to the Clearing House by 11:00 a.m. on the last day of trading.

Clearing members may also net delivery obligations within a given currency following the last day of trading in such eligible currency product. Clearing members may net delivery obligations across all accounts belonging to the same beneficial account owner.

Clearing members are prohibited from netting open positions across customer accounts while a currency contract remains eligible for trading on the Exchange.

Clearing members shall be required to submit a Delivery Netting Request, which identifies the final positions and net currency delivery obligations to the Clearing House by 11:00 a.m., on the last day of trading, in accordance with the procedures outlined in the Clearing House Manual of Operations.

743. DELIVERY INFRACTIONS

743.A. Late or inaccurate Delivery

1. If a clearing member with a Delivery Commitment to pay funds pursuant to Rules 731, 732, 737 or 738 fails to deposit such funds in order to make timely payment on the date required in those rules, the Clearing House may impose a fine upon the clearing member pursuant to the schedule of fines maintained by the Clearing House in addition to charging the current overdraft rate applicable to the Exchange's foreign currency delivery account with the CME CLS Bank or with the Exchange's IMM foreign currency delivery account or any other compensation due to the late or inaccurate delivery.
If by 9:30 a.m. Chicago time on the day following the date required in Rules 731, 732, 737 and 738, such deposit is not made, the failure shall be deemed a delivery obligation failure of the clearing member and the matter shall be acted upon pursuant to Section B of this Rule.
Funds deposited pursuant to Rules 731, 732, 737 and 738 earlier than the required date of deposit shall not earn interest for the early time period.
2. If the information contained in either the Buyer's CLS on Non-CLS Delivery Commitment or the Seller's CLS or Non-CLS Delivery Commitment is inaccurate so that delivery cannot be accomplished in a timely manner, fines or damages may be assessed as in Section B below.

743.B. Delivery Obligation Failure

A clearing member with a CLS or Non-CLS Delivery Commitment who fails to perform all acts required by this chapter, or whose actions or inactions have been deemed a delivery obligation failure shall be liable to the Clearing House for any loss sustained, which loss shall be computed as follows:

1. The President of the Clearing House or his designee shall determine the change, if any, from the final settlement price on the last day of trading to the spot rate on the first day on which the transaction could be consummated on the spot market. The spot market rate for purposes of this computation shall be the means of the spot rates between a group of Chicago, Illinois banks selected for this purpose by Exchange staff at the earliest time it is determined the transaction can be completed in the spot market.
2. The related charges suffered by the Clearing House at any of its designated banks.
3. A sum not to exceed 1% of the U.S. dollar value of the contract. Such amount shall be set by the President of the Clearing House or his designee, acting in his sole discretion, and shall be binding upon both parties to the contract, except no such sum shall be assessed where a delivery obligation failure is occasioned by the circumstances delineated in Rule 701.

744.-759.[RESERVED]

OTHER COMMODITIES

760. OTHER COMMODITIES

All other commodities which do not have delivery provisions specified in this chapter shall be governed by the requirements of the relevant contract specification chapter.

761.-769. [RESERVED]

ALTERNATIVE DELIVERY PROCEDURES

770. ALTERNATIVE DELIVERY PROCEDURES

In Live Cattle futures and Random Length Lumber futures. A member or clearing member who, as the result of an error in the execution of an order or an out-trade discovered on or after the last day of trading, has a position in a contract which has expired and who is obligated either to make or take physical delivery in that contract, may offset such position against an opposite position of a member or clearing member whether or not such position exists as a result of an error or out-trade; provided, however, that the parties to any such out-trade shall exercise the utmost diligence to resolve the out-trade. No new positions can be created pursuant to this rule.

A clearing member desiring to offset such positions must notify the Clearing House by reporting its final open interest and submitting an Alternative Delivery Notice in accordance with the schedule established by the Clearing House Risk Committee and posted in the Clearing House Manual of Operations. Upon receipt of an Alternative Delivery Notice, the Clearing House shall randomly assign offsetting positions to each member or clearing member submitting an Alternative Delivery Notice, thereby extinguishing each party's obligation to make or take physical delivery; provided, however, that in the event the Clearing House is unable to assign offsetting positions due to an insufficient number of available positions, delivery shall take place as required under Exchange rules.

The assignment of offsetting positions shall release clearing members and the Exchange from their respective obligations under the contracts.

The alternative delivery procedures set forth in this rule may not be used Violation of this rule for the purpose of avoiding delivery may be a major offense.

DELIVERY OF CBOT PRODUCTS

771. SETTLEMENTS ON DELIVERY FAILS

~~In the event a clearing member fails to fulfill its specific delivery obligations regarding a CBOT product pursuant to CBOT rules, the sole obligation of the Exchange is to pay reasonable damages proximately caused by such delivery obligation failure, but in no event is the Exchange obligated to either: (1) pay any damages greater than the difference of the delivery price of the specific commodity and the reasonable market price of such commodity at the time delivery is required according to the Rules of the Exchange; or (2) make or accept delivery of the actual commodity; or (3) pay any damages relating to the accuracy, genuineness, completeness, or acceptableness of certificates, instruments, warehouse receipts or other similar documents; or (4) pay any damages relating to the failure or insolvency of banks, depositories, warehouses, or similar organizations or entities that may be involved with a delivery.~~

~~Notwithstanding any provision of the rules, the Exchange has no obligation or liability to any clearing member or any other person relating to a failure to fulfill a delivery obligation unless it is notified by the clearing member that did perform, or was in a position to perform its delivery obligations, that a failure occurred, as soon as possible, but in no event later than sixty minutes after the time the delivery obligation was to have been fulfilled according to the rules of the CBOT.~~

~~All delivery obligations of a clearing member to another clearing member which are not fulfilled by such non-performing clearing member shall be deemed an obligation to the Exchange by the clearing member that failed to perform such delivery obligations. These obligations must be fulfilled to the Exchange within sixty minutes of the time the obligations were required to be fulfilled to the clearing member that did perform its delivery obligations.~~

~~It shall be a major rule violation for a clearing member to fail to perform its delivery obligations regarding a CBOT product. Notwithstanding any provision in this rule, neither CME nor CBOT are prohibited from declaring a clearing member to be in default under the applicable rules of either exchange if the circumstances warrant such a determination.~~

772.-779. [RESERVED]

SECURITY FUTURES PRODUCTS

780. SECURITY FUTURES PRODUCTS

Deliveries of Security Futures Products effected on a Marketplace apart from the Chicago Mercantile Exchange and cleared by the Clearing House per the provisions of Chapter 8-B shall be governed as set forth herein.

781. DELIVERY OF UNDERLYING SECURITIES

At maturity of a physically-settled stock future, in addition to the final variation payment (if any), the Clearing Member that is, or that represents, the seller shall be obligated to deliver, and the Clearing Member that is, or that represents, the buyer shall be obligated to receive and pay for, a quantity of the underlying security equal to the unit of trading at the aggregate purchase price.

782. DESIGNATION OF DELIVERY FACILITIES

Clearing Members shall be required to designate a clearing member of the Options Clearing Corporation (OCC) who is also a member of the Depository Trust Clearing Corporation (DTCC) to facilitate deliveries of physically-settled stock futures. Such designations shall be made through the execution of such agreements and per such procedures as the Clearing House may designate from time to time. Settlement of the obligations to deliver and pay for such underlying securities shall be effected in accordance with the provisions of the OCC and DTCC. The parties to such delivery shall bear the costs associated with such delivery per the provisions of the OCC and DTCC.

783. [RESERVED]

784. FAILURE TO PERFORM

A failure by a clearing member with a delivery commitment to perform all acts required herein and all acts per the provisions of the OCC and DTCC shall be deemed a delivery obligation failure, ~~which and~~ may be ~~deemed an act detrimental to the interest or welfare of the Exchange~~ punishable as a major offense. The Board shall determine and assess losses sustained, taking into account the settlement price, interest earnings foregone, and such other factors as it deems appropriate. The Board may also assess such penalties as deemed appropriate in addition to damages. Further, such clearing member shall be subject to such penalties and remedies as may be prescribed by the provisions of the OCC and DTCC.

(End Chapter 7)

Chapter 8 Clearing House and Performance Bonds

GENERAL

800. CLEARING HOUSE

The Exchange shall maintain and operate a Clearing House in order to protect market participants and to maintain the integrity of the contracts traded on or processed through the Exchange. Membership in the Clearing House shall be a right and privilege granted by the Board of Directors which may, from time to time, establish such classes of membership in the Clearing House, together with the duties, rights and privileges thereof, as it deems necessary. Whenever these rules create a right in favor of the Clearing House, or impose a liability on the Clearing House, it shall be construed as the right or liability of the Exchange, and shall be enforced by or against the Exchange.

~~Unless otherwise stated, "clearing member" shall mean all clearing members including, but not limited to, Class A clearing members, inactive Class A clearing members and Special CME clearing members.~~

801. MANAGEMENT

The general direction of the Clearing House shall be under the jurisdiction of the Clearing House Risk Committee, ~~subject to the approval of the Board.~~ The Chief Executive Officer with the approval of the Board shall appoint a ~~Managing Director and~~ President of the Clearing House, who shall be responsible for the daily operation of the Clearing House and the implementation of the rules applicable to the Clearing House. The ~~Managing Director and~~ President of the Clearing House may also delegate authority for certain aspects of the daily operation of the Clearing House to staff of the Clearing House.

Exchange staff shall adopt, establish, publish and amend from time to time a Clearing House Manual of Operations ("Manual"). This Manual shall contain, among other things, information and directions for preparing trade data, completing prescribed memoranda and meeting other Clearing House requirements. The Manual and amendments thereto shall constitute part of the rules of the Exchange.

802. PROTECTION OF CLEARING HOUSE

802.A. Default by Clearing Member and Other Participating Exchanges

1. Default by Clearing Member

If a clearing member fails promptly to discharge any obligation to the Clearing House, it shall be in default. If a clearing member is in default, its security deposit (pursuant to Rule 816), its performance bonds on deposit with the Clearing House, the proceeds of the sale of any membership and Class A ~~and Class B Shares~~ assigned to it for clearing qualification, ~~as well as any Membership Interests and the associated Class A Shares of a Special CME Clearing Member~~ and any other assets held by, pledged to or otherwise available to the Clearing House, shall be applied by the Clearing House to discharge the obligation. For purposes of this rule, each default by an individual clearing member will be considered a separate default event.

For purposes of this Rule, the positions in the cross-margin account of a Participating Clearing Member or its Cross-Margining Affiliate at a Cross-Margining Clearing Organization, and the performance bond thereon, shall be considered assets of the Participating Clearing Member available to the Exchange to the extent provided in the Cross-Margining Agreement between the Exchange and such Cross-Margining Clearing Organization. A clearing member in default shall immediately make up any deficiencies in its security deposit resulting from such default prior to the close of business on the next banking day.

The clearing member shall take no action, including but not limited to, attempting to obtain a court order, that would interfere with the ability of the Clearing House to so apply such assets and proceeds.

If the security deposit, performance bond and other assets of a clearing member available to the Exchange are insufficient to satisfy all of its obligations to the Clearing House, including all claims against the Clearing House by reason of its substitution for that clearing member pursuant to Rule 804, the Clearing House shall nonetheless pay all such claims, which shall be deemed a loss to it and which shall be a liability of the defaulting clearing member to the Exchange, which the Exchange may collect from any other assets of such clearing member or by process of law.

2. Default by Other Participating Exchanges.

If a Participating Exchange fails to promptly discharge any obligation to the Clearing House arising out of its obligations to the Exchange, such Participating Exchange's letters of credit, performance bonds

and other assets available to the Exchange shall be applied by the Clearing House to discharge the obligation.

802.B. Satisfaction of Clearing House Obligations

If the Clearing House is unable to immediately satisfy all claims against it including, but not limited to, costs associated with the liquidation, transfer and managing of positions, arising out of: -1) its substitution (pursuant to Rule 804) for a defaulting clearing member or a defaulting Participating Exchange, or a defaulting Partner Clearinghouse; -2) a shortfall in a -cross-margining program; -3) the failure of a depository, exchange or market apart from the Exchange but whose transactions are cleared pursuant to the provisions of Chapters 8B, ~~or Chapter 8C, 8D, or 8E~~; 4) for any other cause, then such claim or obligation shall be met and made good promptly by the use and application of funds from the following sources in the order of priority hereafter listed. Each source of funds set forth below shall be completely exhausted, to the extent practicable, before the next following source is applied.

1. Surplus funds of the Exchange in excess of funds necessary for normal operations.
2. The amount of security deposit required under Rule 816 from all classes of clearing members shall be applied toward meeting said loss, in direct proportion to the total security deposit requirement of each clearing member.
3. Proceeds from any default insurance maintained by the Exchange to the extent that such proceeds are available in a timely manner to be applied towards the default.
4. The balance of the Clearing House loss remaining after application of the above funds shall be assessed against all clearing members (excluding any insolvent or defaulting clearing member). Each clearing member (excluding any insolvent or defaulting clearing member) shall be subject to an assessment up to an amount that does not exceed 275 per cent of such clearing member's security deposit requirement.
5. All amounts assessed by the Exchange against a clearing member pursuant to this Rule, during the hours in which the Federal Reserve's wire transfer system (Fedwire) is in operation, shall be paid to the Exchange by such clearing member prior to the close of Fedwire on such day. All amounts assessed within one (1) hour prior to the close of Fedwire shall be paid to the Exchange within one (1) hour after Fedwire next opens. While such application of funds shall be mandatory, the detailed implementation of Rule 802.B. shall be the responsibility of the Clearing House Risk Committee with the approval of the Board.

Any clearing member that does not satisfy an assessment, made pursuant to paragraphs 4 or 5 above, shall be in default. Any Clearing House loss that remains as a result of such default shall be assessed pursuant to paragraph 4.

If a clearing member (i) makes payment of all amounts assessed against it pursuant to paragraph 4 or 5 above, -(ii) replenishes any deficiency in its security deposit in accordance with Rule 802.D., and (iii) satisfies all other conditions for withdrawal, it may, within five (5) business days of such payments, apply to withdraw from clearing membership pursuant to Rule 913. Immediately after the Exchange approves the clearing member's withdrawal, the withdrawing clearing member shall not be subject to any other assessment pursuant to this Rule. Further, upon the approval of the clearing member's request to withdraw, the security deposit that it has restored shall not be used or applied towards meeting any claim or obligation of the Clearing House pursuant to this Rule and shall be released in accordance with Rule 913.

After payment of an assessment pursuant to this Rule, a clearing member shall charge other clearing members for whom it clears contracts or carries positions on its books to recover their proportional share of the assessment. Such other clearing members shall promptly pay the charge.

To the extent that, and irrespective of the fact that, the Exchange has default insurance coverage in effect at the time of an event of default, the Exchange may nevertheless continue to utilize the resources under the priority outlined in Rule 802.B.1, B.2, and B.4. for immediate liquidity while awaiting any insurance proceeds. Any insurance proceeds so recovered by the Exchange, to the extent not required by the Exchange to cure a default, will be applied to the credit of the non-defaulting clearing members.

802.C. Rights of Exchange for Recovery of Loss

If a loss for which clearing members or their security deposits have been assessed is subsequently recovered by the Exchange in whole or in part, the net amount of such recovery shall be credited to such persons or firms (whether or not they are clearing members at the time of recovery) in proportion to the amount of the assessment.

802.D. Security Deposits to be Restored

In the event it shall become necessary to apply all or part of the security deposits to meet obligations to

the Clearing House pursuant to Rule 802, clearing members shall immediately make good any such deficiency in security deposits prior to the close of business on the next banking day.

803. LIMITATION OF LIABILITY

The liability of the Clearing House shall be limited to losses resulting from the substitution of the Clearing House upon contracts between clearing members and to losses in connection with substitution of another Participating Exchange for clearing members (i.e., the Mutual Offset System), and to losses in connection with amounts due and owing from a Partner Clearing House. The Clearing House shall not be liable for any other obligations, including but not limited to, obligations of a non-clearing member, obligations of a clearing member to a non-member, obligations of a clearing member to another member of the Clearing House who is acting for him as broker, or obligations to a customer by a clearing member; nor shall the Clearing House become liable to make deliveries to or accept deliveries from a customer of its clearing members.

804. SUBSTITUTION

Except with respect to trades made pursuant to Rules 526, 537, 538, ~~749~~, and 853, and transactions entered into under CME AM and Rule 8D38, the Clearing House shall, through the process of novation, be substituted as, and assume the position of, seller to the buyer and buyer to the seller of the relevant number of Exchange or Marketplace contracts upon the successful matching of trade data submitted to the Exchange by the clearing members on the long and short sides of a trade. With respect to contracts that are traded on and matched by another exchange or market, the Clearing House shall be substituted as, and assume the position of, seller to buyer and buyer to seller of the relevant number of such contracts upon matching of trade data submitted to and accepted by the Exchange.

Upon such substitution, each clearing member shall be deemed to have bought the contracts from or sold the contracts to the Clearing House, as the case may be, and the Clearing House shall have all the rights and be subject to all the liabilities of such member with respect to such transaction. Such substitution shall be effective in law for all purposes.

With regard to trades made pursuant to Rules 526, 537, 538, ~~749~~ and 853, the Clearing House shall be substituted at the time payment of the first settlement variation and performance bond due for such trades pursuant to Rules 814 and ~~845~~, respectively, is confirmed by the appropriate settlement bank for both members.

With respect to trades made pursuant to Rule 8D38 (Finality), the Clearing House shall assume the obligation to perform when the results of an Auction are final as set forth in the CME AM rules.

805. OPEN POSITIONS

All contracts for the purchase or sale of any product for future delivery shall remain open and in force, and shall continue to be binding upon the original parties until liquidated by offset as provided in Rule 806 or by delivery or failure to perform as provided in Chapter 7.

806. OFFSET PROCESS

When a member buys and sells the same commodity for the same delivery month, or a put or call option with the same strike price and expiration month and such contracts are cleared through the Clearing House, the purchases and sales are not automatically offset one against the other. Transactions can only be offset against one another by complying with Rule 811—~~Position Change Data~~.

~~A clearing member long or short any commodity to the Clearing House as a result of substitution may liquidate the position by acquiring an opposite position.~~

807. OPEN LONG POSITIONS ~~OFFSETS~~ DURING DELIVERY MONTH

~~At such times and in such manner as shall be prescribed by the Manual, Prior to each delivery month, the Clearing House shall request clearing members shall~~ submit a complete and accurate record of dates of all open purchases for use in making deliveries. Clearing members shall be fully responsible for inventories submitted to the Clearing House. Unless otherwise provided in the Manual, beginning on the day following the first day on which longs may be assigned delivery, all purchases and sales, made in one day in the lead month contract by a person holding a long position in that contract, must first be netted out as day trades with only the excess buys considered new longs or the excess sales being offsets of the long position.

This rule shall not apply to trading in options contracts.

808. [RESERVED]

809. TRADE DATA PROCESSING SYSTEM

809.A. Trade Data

Every clearing member must submit to the Clearing House trade data for the day's business not 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 out-trade 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 Out-Trades

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 out-trades. The person or persons shall be qualified to resolve out-trades as the member or clearing member firm's designated out-trade representative. Failure to have a qualified representative available, with all materials necessary to reconcile out-trades, at the time specified above shall constitute negligence in the determination of responsibility for any out-trades. 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 ~~Managing Director and President~~ of the Clearing House. If the ~~Managing Director and 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.

810. FALSE ENTRIES ON CLEARING MEMORANDA

No member shall place any false or inaccurate entries on any clearing memoranda, including, with respect to a Participating Clearing Member, the clearing memoranda of a Cross-Margining Clearing Organization, ~~or knowingly pay or receive any money therein not representing bona fide transactions or the actual differences due thereon.~~

811. POSITION CHANGE DATA

Position change data must be submitted to the Clearing House each trading day not later than the time specified by the Clearing House. Position change data will be in such form and contain such information as prescribed by the Clearing House. When requested, the identification of accounts will be made available to the Audit Department.

812. [RESERVED]

813. SETTLEMENT PRICE

The settlement price shall be a price consistent with the minimum fluctuations of a commodity. Settlement prices shall be determined each business day for each commodity pursuant to the procedures set forth below. The procedure used to determine the settlement price of a commodity will depend on the product group, level of closing range activity and liquidity, and the bid - ask width and size, if settled to Globex.

1. The time and sales procedure is used when a trade occurs in the closing range (either the last 30 or 60 seconds). The first trade and every subsequent quote (trade, bid, offer) in the closing range are included in the calculation. The midpoint of the high and low quotes is the settlement price. If a midpoint cannot be determined, the settlement price is the price closer to the prior day's settlement price.
2. The last quote procedure is used when no trades occur in the closing range (either the last 30 or 60 seconds). The last valid quote of the day (trade, higher bid or lower offer) is the settlement price. In the event there are no valid quotes during the day, the settlement price will be the prior day's settlement price.
3. The bid-ask midpoint procedure is used for transactions that occur on Globex. The midpoint of the low bid and the high offer of the Globex closing range (either the last 30 or 60 seconds) is the settlement price. If a midpoint cannot be determined, the settlement price is the price closer to the prior day's settlement price.
4. When relevant spread trading information is available, it may also be used to assist in the calculation of settlement prices. (For example, Front and Red Eurodollars may be adjusted for calendar or fly spreads.)
5. In illiquid commodities, where there is no relevant market activity, any applicable market information, such as spot or cash markets, may be used to determine the settlement price.
6. Notwithstanding any of the foregoing, settlement prices for the E-Mini Standard and Poor's 500 Stock Price Index Futures, the E-mini Standard & Poor's SmallCap 600 Index Futures, the E-Mini Nasdaq 100 Index Futures, the E-mini Three-month Eurodollar futures and the E-Mini Currency Futures contract months shall equal the settlement prices for the corresponding contract months of the Standard and Poor's 500 Stock Price Index Futures, the Standard & Poor's 600 SmallCap Stock Price Index Futures, the Nasdaq 100 Index Futures, Three-month Eurodollar Futures and the Currency Futures, respectively. Further, the settlement price for the E-mini Five-Year Eurodollar Bundle Futures shall be the average of the settlement price for the underlying Eurodollar futures, rounded to the nearest 0.00001 IMM Index Points.
7. Options settlements are derived utilizing key market information, such as; outright bids and offers, implied volatility, the underlying futures movement, and relevant spread orders.
8. Notwithstanding the above, if a settlement price in any product, as derived by the normal methodology used for that product, is inconsistent with trades, bids or offers in other months during the closing range or with other market information, an Exchange official may establish a settlement price that best reflects the true market valuation at the time of the close.
- 8.9. For products cleared by the Clearing House on behalf of another exchange, market or Marketplace other than the Exchange, the settlement price shall be determined according to the rules of such entity.
- 9.10. Notwithstanding the above, in the case of inaccuracy or unavailability of a settlement price from the Exchange, another exchange, market or Marketplace, or if such settlement price would create risk management concerns for the Clearing House, the Clearing House reserves the right to calculate settlement variation using an alternate price determined by the Clearing House.

814. SETTLEMENT VARIATION

When a clearing member is long or short any amount of any futures contract at the end of the trading day, as indicated by its clearing memoranda, settlement shall be made with the Clearing House to the settlement price for that day, and such member shall be liable to pay to, or entitled to collect from, the Clearing House any loss or profit, as the case may be, represented by the difference between the price at which the commodity was bought or sold and the settlement price of the commodity at the end of the trading day. After making such settlement with the Clearing House, such member shall be deemed long or short (or long and short) such commodity, as the case may be, at the settlement price of the trading day. Notwithstanding the foregoing, the Clearing House shall not be required to pay any profit to a Participating Clearing Member in the event that such member or its Cross-Margining Affiliate fails to make any required settlement for that trading day with a Cross-Margining Clearing Organization.

If the market conditions or price fluctuations are such that the Clearing House deems it necessary, it may call upon the clearing members which in its opinion are affected to deposit with the Clearing House by such time as specified by the Clearing House the amount of funds that it estimates will be needed to meet such settlements as may be necessary. The Clearing House may pay out funds to those clearing members that in the opinion of the Clearing House will have credit balances as a result of those same market conditions or price fluctuations, except that in no instance may the Clearing House pay out funds to a clearing member, other than at the regular settlement, in excess of the total original performance

bond deposits it holds for such clearing member. All deposits and payments made under this Rule shall be subject to the procedures prescribed by the Clearing House and set forth in the Manual.

Settlement variation, as figured to the market at such times as the Clearing House shall determine, must be paid in cash or any other form of collateral approved by the Clearing House Risk Committee.

815. [RESERVED]

816. SECURITY DEPOSIT

Each clearing member shall make a deposit with the Exchange as security for its obligations to the Clearing House. The minimum security deposit of a ~~Class A~~-clearing member, shall equal the greater of (a) an amount specified by the Clearing House Risk Committee or (b) the clearing member's proportionate share of the "Aggregate Security Deposit," which shall be an amount determined by the Clearing House Risk Committee. Each clearing member's proportionate share of the Aggregate Security Deposit shall consist of (i) a specified percentage of the Aggregate Security Deposit multiplied by the clearing member's proportionate share (including the total risk performance bond requirement in respect of positions in its cross-margin accounts) of the average aggregate risk performance bond requirement (including the risk performance bond requirement in respect of positions in all cross-margin accounts) for the preceding three months; plus (ii) a specified percentage of the Aggregate Security Deposit multiplied by the clearing member's proportionate share of the total number of contracts executed on the Exchange and any applicable exchange or market during the preceding three months. The percentages in (i) and (ii) above shall be determined and modified by the Clearing House Risk Committee as appropriate. Some contracts may be weighted more heavily than others in order to reflect the greater risk associated with those contracts. The average aggregate risk performance bond requirement, the total number of contracts executed, and each clearing member's proportionate share of each will be calculated by the Clearing House, and a report setting forth such information and the clearing member's required security deposit will be given to the clearing member each quarter, or more frequently as Exchange staff shall determine. If such report indicates that the clearing member's current security deposit with the Exchange is smaller than the amount required, the clearing member shall increase its amount within five business days. If such report indicates that the clearing member's current security deposit with the Exchange is larger than the amount required, the clearing member may withdraw the excess amount.

A clearing member's security deposit may be in a form as set forth in the Manual. Such security deposit forms and amounts shall be subject to the terms and conditions as approved by Exchange staff.

817. LIQUIDITY FACILITY

Assets deposited by a clearing member in satisfaction of security deposit and performance bond requirements may also be used to directly secure the Exchange's obligations to its lenders under any liquidity facility entered into by the Exchange for the purpose of providing liquidity to the Exchange. By delivering assets to the Exchange in satisfaction of security deposit and performance bond requirements, each clearing member is hereby deemed: (i) to agree that its Assets may directly secure the Exchange's obligations to the Exchange's liquidity lenders and that its Assets may become subject to a lien in favor of the Exchange's liquidity lenders or otherwise guarantee the Exchange's obligations and; (ii) to authorize the Exchange, and appoint the Exchange (such appointment being coupled with an interest) as such clearing member's attorney-in-fact, to enter into agreements on its behalf in connection with its Assets serving as security for the Exchange's obligations to the Exchange's liquidity lenders; and (iii) to acknowledge that the obligations of the Exchange to its liquidity lenders may be greater, and extend for periods of time longer, than the obligations, if any, of such clearing member to the Exchange. The Exchange, as each clearing member's attorney-in-fact, will have authority to enter into agreements on behalf of each clearing member and in each clearing member's name for the purpose of causing the clearing member's Assets to directly secure the Exchange's obligations to the Exchange's liquidity lenders. Any agreement entered into by the Exchange on behalf of clearing members pursuant to this Rule 817 shall bind each clearing member and will contain provisions, including representations, warranties and covenants, required by lenders under any liquidity facility. If there is a default under any such liquidity facility, the Assets of the clearing members pledged to secure such liquidity facility may be foreclosed upon by the Exchange's liquidity lenders and applied against the obligations of the Exchange under the related liquidity facility. The clearing members shall take no action, including but not limited to attempting to obtain a court order, that would interfere with the ability of such liquidity lenders to receive the benefit of their contractual remedies in connection with any such foreclosure or that would controvert or assert the invalidity of any provision of these rules. Each clearing member agrees to sign any document or agreement requested by the Exchange to further document the power of attorney set forth and established by these rules.

818.-819. [RESERVED]

820. PERFORMANCE BONDS

Performance bond requirements will be as determined by Exchange staff from time to time.

Subject to the terms and conditions as approved by Exchange staff, the Clearing House will accept as performance bond, cash, equity securities, shares of mutual funds, United States Treasury and agency Securities ~~(under the conditions specified in Rule 825)~~, Letters of Credit pursuant to ~~Rule 822~~, units in CME's Interest Earning Facility Program, shares in CME's Interest Earning Facility 2 Program, permitted investments allowable under CFTC Regulation 1.25, and "readily marketable securities" as defined by Securities and Exchange Commission Rules, as applicable (as used in this Rule 824, such assets and any proceeds thereof are collectively referred to as "Assets"), all of which must be and remain unencumbered. The Clearing House may include other forms of collateral within the definition of "Assets" upon the approval of the Clearing House Risk Committee and notice to clearing members.

All performance bond collateral, as herein described, shall be placed to the credit of the member paying the same for its customers' trades or its own (so-called "house") trades as designated by the clearing member. The Clearing House shall value performance bond collateral as it deems appropriate. The clearing member shall transfer the performance bond collateral to the Exchange or to an approved depository for safekeeping in an Exchange account and the Exchange shall retain control over such performance bond collateral. Neither the Exchange nor the Clearing House shall have any obligation or responsibility to preserve, protect, collect or realize upon, and under no circumstances shall the Exchange or Clearing House be liable for, any loss or diminution in value or depreciation in the performance bond collateral maintained pursuant to this rule. A clearing member who maintains performance bond collateral for its benefit pursuant to this rule shall hold the Exchange and Clearing House harmless from all liability, losses and damages which may result from or arise with respect to the care and sale of such performance bond collateral. All initial and additional performance bonds shall be retained by the Clearing House in whole or in part, as Exchange staff may deem necessary, until the trades for which such performance bond collateral has been deposited, have been offset, cash settled, delivered or otherwise closed out as determined by Exchange staff.

Each clearing member shall reimburse the Clearing House for all fees, expenses, charges and costs assessed by a depository against the Exchange with respect to all performance bond collateral maintained in its account, and shall make deposits as may be required by the Clearing House by reason of any depreciation in the market value of such performance bond collateral. If a clearing member defaults to the Clearing House with respect to performance bonds, the performance bond collateral maintained in its account pursuant to this rule shall be taken over by the Clearing House and sold without notice and the proceeds of the performance bond collateral deposited for customers' trades shall be applied against the performance bond requirements for the clearing members' customers' accounts, and the proceeds of performance bond collateral deposited for the house trades shall be applied against the requirements for the clearing member's own (so-called "house") account.

821.-823. [RESERVED]

824. ADDITIONAL PERFORMANCE BOND

Whenever, in the opinion of the Clearing House Risk Committee, the President & Managing Director, ~~of the Clearing House or, in his or her absence, his delegate the Managing Director, Clearing House,~~ unstable conditions relating to one or more products exist, ~~they may from time to time, call for additional performance bond collateral from clearing members. Such additional performance bond calls may be as much as or more than the original performance bond collateral. The performance bond collateral thus called for may be for one or more contract(s) from one or more clearing member(s) and on long positions, short positions or both.~~

In the event market conditions and price fluctuations at any time shall cause the Clearing House Risk Committee or the President & Managing Director, ~~of the Clearing House or, in his or her absence, his delegate the Managing Director, Clearing House,~~ to conclude that additional performance bond collateral is required to maintain an orderly market or to preserve fiscal integrity the Clearing House Risk Committee or the President & Managing Director, ~~of the Clearing House or his delegate the Managing Director, Clearing House~~ may call for additional performance bond collateral to be deposited with the Clearing House during the next banking hour after demand therefor, or at such times as may be specified. Such additional performance bond collateral may be called from the longs or the shorts or from both.

When the Clearing House Risk Committee or the President & Managing Director, ~~of the Clearing House or, in his or her absence, his delegate the Managing Director, Clearing House,~~ shall be of the opinion

that any clearing member is carrying commitments or incurring risk in its proprietary, customer and/or cross-margin accounts, that are larger than is justified by the financial condition of that clearing member, then the Clearing House Risk Committee, the President and Managing Director, of the Clearing House or, in his or her absence, his delegate the Managing Director, Clearing House, may require additional performance bond collateral of such clearing member which shall be deposited with the Clearing House during the next banking hour after demand therefor, or at such time as may be specified, or a portion of the open positions of said clearing member may be required to be transferred to the books of another clearing member.

825.-826. [RESERVED]

827. **SECURITIES LENDING PROGRAM**

United States Treasury Bills, Treasury Notes, Treasury Bonds, Treasury Bond Principal Strips, Agency Securities, and other financial instruments approved by Exchange staff, (collectively, "Securities") that are deposited with the Clearing House by clearing members in satisfaction of Security Deposit requirements or as performance bond for their own (i.e., "house") trades may be loaned out by the Exchange pursuant to the Securities Lending Program. Clearing members depositing Securities with the Exchange in satisfaction of security deposit requirements or as performance bond for house trades that are loaned out pursuant to the Securities Lending Program are deemed to agree that the lending of Securities under arrangements having safeguards consistent with generally accepted market practices will constitute reasonable care of the Securities in the possession of the Exchange or its securities lending custodian.

828.-829. [RESERVED]

830. **CROSS-MARGINING**

830.A. Definitions

1. **Cross-Margining Affiliate:** An affiliate of a Participating Clearing Member with which such clearing member is cross-margining its positions at the Clearing House and a Cross-Margining Clearing Organization.
2. **Participating Clearing Member:** A clearing member that is cross-margining its positions at the Clearing House with its own or a Cross-Margining Affiliate's positions at a Cross-Margining Clearing Organization.
3. **Cross-Margining Clearing Organization:** A clearing organization that has entered into a Cross-Margining Agreement with the Exchange.
4. **Joint Cross-Margining Program:** A cross-margining program in which the Exchange and one or more Cross-Margining Clearing Organizations each hold a joint security interest in positions, margin and other property of Participating Clearing Members and, if applicable, their Cross-Margining Affiliates.
5. **Guaranteed Cross-Margining Program:** A cross-margining program in which a guaranty is provided by and between the Exchange and one or more Cross-Margining Clearing Organizations and each entity holds an individual security interest in positions, margin and other property of Participating Clearing Members and, if applicable, their Cross-Margining Affiliate.

830.B. Cross-Margining Programs

1. The Exchange may establish cross-margining programs as approved by the Clearing House Risk Committee and the Board. A clearing member may become a Participating Clearing Member to participate in a Joint Cross-Margining Program by establishing with the Clearing House one or more cross-margin accounts for cross-margining positions with either its own positions or those of a cross-margining affiliate, at a Cross-Margining Clearing Organization. In order to establish a cross-margin account, a clearing member shall enter into the agreements required by the Exchange, including a Cross-Margined Account Agreement and Security Agreement with the Exchange, the Cross-Margining Clearing Organization, and, if applicable, the member's Cross-Margining Affiliate. That Agreement shall provide, among other things, that the Exchange and the Cross-Margining Clearing Organization shall jointly have a first lien on and security interest in all positions held in the cross-margin account, all related performance bond, and all proceeds of the foregoing, as security for the obligations of the clearing member and, if applicable, its Cross-Margining Affiliate, to the Exchange and the Cross-Margining Clearing Organization. Failure to comply with the terms of that such Agreements may constitute an act detrimental to the interest or welfare of the Exchange major rule violation.
2. A clearing member may become a Participating Clearing Member in a Guaranteed Cross-

Margining Program by entering into a Cross-Margining Participant Agreement with the Exchange, the Cross-Margining Clearing Organization, and, if applicable, the clearing member's Cross-Margining Affiliate. That Agreement shall provide, among other things, that a Participating Clearing Member shall immediately be obligated to reimburse the Exchange ("Reimbursement Obligation") in the event the Participating Clearing Member or its Cross-Margining Affiliate defaults in the payment of any obligation to a Cross-Margining Clearing Organization and the Exchange is required to make a guaranty payment to such Cross-Margining Clearing Organization. In addition, the Agreement shall provide that the Exchange shall have a first lien and security interest in all positions held, all related performance bond, and all proceeds of the foregoing, as security for the obligations of the clearing member and, if applicable, its Cross-Margining Affiliate, to the Exchange. Failure to comply with the terms of ~~such~~ that Agreement may constitute an act detrimental to the interest or welfare of the Exchange-major rule violation.

The provisions of this Rule 830 and the corresponding sections of the Clearing House Manual shall apply to all CME-cleared positions held pursuant to a cross-margining program and shall supersede all other provisions of the Rules to the extent inconsistent therewith. In addition, the Exchange shall determine what positions will be eligible for cross-margining.

830.C. [Reserved]

830.D. Performance Bonds for Cross-Margining Program

Performance bond requirements for a Joint and Guaranteed Cross-Margining Program shall be determined as set forth in the Cross-Margining Agreement, and that Agreement shall also govern what forms of performance bond will be permitted and how such performance bond will be held.

830.E. Close-Out of Cross-Margin Positions

A Participating Clearing Member may be suspended if it or its Cross-Margining Affiliate, if any, is in default in payment of any obligation, including a Reimbursement Obligation, with respect to a Joint or Guaranteed Cross-Margining Program.

The cross-margin account of a clearing member participating in a Joint Cross-Margining Program may be liquidated by the Clearing House at the request of a Cross-Margining Clearing Organization whether or not the Exchange suspends, or is permitted under the Rules to suspend, such clearing member. Upon the suspension of a Participating Clearing Member, or upon receiving notice from a Cross-Margining Clearing Organization of its suspension of a Participating Clearing Member or its Cross-Margining Affiliate, the Clearing House shall have the right to liquidate the positions in the cross-margin account, convert to cash the performance bond therefor, and dispose of the proceeds thereof, all in accordance with the terms of the Cross-Margining Agreement.

The positions of a clearing member participating in a Guaranteed Cross-Margining Program may be liquidated by the Clearing House in the event that the Participating Clearing Member or its Cross-Margining Affiliate defaults in the payment of any obligation to the Clearing House or a Cross-Margining Clearing Organization. Upon the suspension of a Participating Clearing Member, or upon receiving notice from a Cross-Margining Clearing Organization of its suspension of a Participating Clearing Member or its Cross-Margining Affiliate, the Clearing House may liquidate: the positions of the Participating Clearing Member; all related performance bond; and all proceeds of the foregoing. The Exchange may then apply all such liquidated proceeds to satisfy the Participating Clearing Member's obligations to the Exchange, all in accordance with the terms of the Cross-Margining Agreement. ~~(Next Rule-850)~~

831.-849. [RESERVED]

MISCELLANEOUS

850. FEES

A. Exchange Fees

Exchange fees, including clearing fees, Globex system fees, brokerage and/or any transaction surcharges, shall be assessed against a clearing member for each side of a transaction traded on, cleared by or processed through the Exchange as the Board or Exchange staff may from time to time prescribe.

B. Clearing Fees

Member rates will apply in the following situations based on the membership division held (note: "membership division" is deemed to also include transactions in lower divisions.) Transactions executed in a higher division than the membership division held will receive non-member rates.

1. Transactions executed on the trading floor for an account owned by a member if executed in

accordance with Exchange policy for member rates. Transactions executed on Globex for an account owned by a member will be based on the combined memberships of both the operator and account owner, in accordance with Exchange policy for member rates.

2. Transactions for accounts owned by persons holding memberships through CME Rule 106.C. or D. if executed in accordance with Exchange policy for member rates. The owner of the membership does not receive members' rates.
3. Transactions for the proprietary accounts of a clearing member and its subsidiaries, which are wholly owned, directly or indirectly. (See Non-Member Rates i. below.)
4. Transactions for accounts owned by general partners of the clearing member whether or not they are members.
5. Transactions for an account owned by a corporation or partnership which is wholly-owned by a member or members and which transactions are solely for their benefit if executed in accordance with Exchange policy for member rates and as noted in Member Rates 1. above.
6. Transactions for the proprietary accounts of firms holding membership pursuant to Rule 106.H., 106.N. or 106.R. subject to approval by Exchange staff. If an employee of such firm holds the membership either the member or the firm may receive member rates, but not both.
7. Transactions for the proprietary accounts owned by each related party in a chain of related parties which, holds a membership pursuant to Rule 106.I, subject to approval by Exchange staff. A "related-party" shall be defined to include a clearing member or a firm that either: owns, directly or indirectly, 100% of a clearing member or has 100% ownership, direct or indirect, in common with a firm that owns, directly or indirectly, 100% of a clearing member.
8. Transactions for the proprietary accounts owned by each related hedge fund in a "family of funds" which holds membership pursuant to Rule 106S. subject to approval by Exchange staff.
9. Transactions for joint accounts owned by a member/parent, member/spouse or member/child or a member/Rule 106.H. firm or a member/related party which would receive member rates.
10. Transactions executed on the trading floor for an account jointly owned by members will be based on the combined memberships of all account owners, in accordance with Exchange policy for member rates. Transactions executed on Globex for an account jointly owned by members will be based on the combined memberships of both the operator and account owners, in accordance with Exchange policy for member rates. The type of membership held (equity, lessee, clearing member, Rule 106.H., 106.I., 106.N., 106.R. or 106.S.) will determine the rate received. For on-floor trading activity, trading discretion over an account constitutes a "de facto" joint account for clearing fee purposes between the executing member and the account owner with respect to the trading activity of the executing member. For off-floor trading activity, an account is presumed to be jointly owned (for clearing fee purposes) where an individual or entity has direct or indirect risk of loss with respect to a specific trading account or group of trading accounts.

"Lowest Common Denominator" (LCD) Rule" - To determine the rates charged for a joint account, the LCD rule is used. Rates are determined by the type of membership held by all of the owners and applying the rates corresponding to the lowest level of membership (highest rate).

Non-Member Rates will apply in the following circumstances:

- i. Transactions for accounts owned by persons not holding Exchange memberships. (This includes transactions for officers and employees of clearing member firms, who may be considered "house" accounts of the firm, but who are not members.)
- ii. Transactions for the account jointly owned by a member and one or more non-members, except as noted in member rate categories 4. or 9. above.
- iii. Transactions for an omnibus account, whether or not the account is held in the name of a member, unless there is clear evidence that all transactions in the omnibus are eligible for member rates.
- iv. Transactions for accounts owned by a corporation or partnership which is not 100% owned by a member or members and which does not fall into member rate categories 4., 5. or 9. above.

851. [RESERVED]

852. **FINES FOR ERRORS, DELAYS AND OMISSIONS**

Exchange staff shall establish, and from time to time revise, schedules of fines to be imposed upon clearing members for errors, delays and omissions with respect to trade and position data and other required Clearing House memoranda. These fines are to be collected by the Clearing House and are in addition to any disciplinary sanctions that may be imposed by the BCC or CHRC for the violation of Exchange rules within their jurisdiction.

853.

TRANSFERS OF TRADES

- A. Subject to the limitations of Rule 854, existing trades may be transferred either on the books of a clearing member or from one clearing member to another clearing member provided:
1. The transfer merely constitutes a change from one account to another account provided the underlying beneficial ownership in said accounts remains the same; or
 2. An error has been made in the clearing of a trade and the error is discovered and the transfer is completed within two business days after the trade date.
- B. Subject to the approval limitations of Rule 854, Exchange staff:
1. Existing trades may be transferred from the books of one clearing member to the books of another clearing member provided:
 - i. Two or more clearing members merge. In that event, a transfer fee in the amount of the regular clearance fee may be assessed against each clearing member.
 - ii. A clearing member resigns from the Clearing House. In that event, a transfer fee in the amount of the regular clearance fee may be assessed against each clearing member.
 - iii. A new member of the Clearing House has an interest in existing trades on another clearing member's books. The original clearing member shall not suffer any loss in commission to which he is entitled on the trades that were transferred. A transfer fee in the amount of twice the regular clearance fee may be assessed against the new clearing member.
 2. Exchange staff may, upon request by with the consent of the clearing member(s) and the customer(s), approve a transfer of existing trades either (1) on the books of the same clearing member, or (2) from the books of one clearing member to the books of another clearing member if the transfer is in connection with, or as a result of, a merger, asset purchase, consolidation or similar non-recurring transaction between two or more entities where one or more entities become the successor in interest to one or more other entities.
- C. 3. Exchange staff may, with the consent of both clearing members, transfer existing trades on the books of one clearing member to the books of another clearing member if, in staff's opinion, the situation so requires and such transfer is in the best interests of the Exchange. In such cases, the customer may be charged with only one commission.
- B. Existing trades may be transferred on the books of a clearing member provided:
1. An error has been made in the assignment of a trade or trades, or
 2. The change merely constitutes a transfer from one account title to another account when beneficial ownership in said accounts remains the same.
- C. Existing trades may be transferred on the books of a clearing member provided a clerical error was made by two or more clearing members in the clearing of a trade and the clerical error is discovered and the transfer is completed, within "T + 2." (i.e. trade date plus the next two business days). The proper indicator must be included in the transfer trade and both the trade to reverse the error and the replacement trade must clear as transfers. In this event, and only in this event, the transfer may liquidate an open position on the books of the clearing member(s). A transfer fee may be assessed for these transfers.
- D. Existing trades on the books of one clearing member may be transferred to the books of another clearing member at the request of a customer. In such cases, the customer may be charged a commission by both clearing members.
- D. All transactions described above must be transferred using the original trade dates. Futures transactions must be transferred using the original trade prices; options transactions may be transferred using either the original trade prices or a trade price of zero. Upon written request, the Market Regulation Department may, in its sole discretion, permit transfers through the Clearing House at the current trade date and settlement price provided that the firm's books accurately reflect the original trade dates and trade prices.
- E. All transfers above shall be reported to the Clearing House in a form acceptable to the Exchange for the type of transactions involved. The proper indicator must be included in the transfer such that the transactions, including the transaction(s) to reverse an error, clear as transfers. The clearing members involved shall maintain a full and complete record of all transactions together with all pertinent memoranda.

854.

TREATMENT OF CONCURRENT LONG AND SHORT POSITIONS

Set forth below are the procedures that must be followed for concurrent long and short positions and

hold-open accounts.

- ~~A4. Unless Concurrent long and short positions in the same commodity and month may be held by a clearing member at the direction of a customer or on behalf of an omnibus account; however it shall be the duty of the clearing member to ascertain whether such positions are intended for offset or to be held open prior to final transmission of position data to the Clearing House. i) on behalf of a domestic or foreign omnibus account; or ii) in accordance with CFTC Regulation 1.46, a single clearing member shall not carry such positions for: a) a single account; or b) accounts under common control and ownership. It is the duty of the clearing member to ascertain that such positions are permitted to be concurrently long and short.~~
- ~~B. Concurrent long and short positions held by the same owner must be offset by transactions executed in the market, by allowable privately negotiated transactions, or fulfilled through the normal delivery process. The only exception to this requirement is that concurrent long and short positions may be offset via netting, transfer, or adjustment provided that the quantity of the offset does not represent more than one percent of the reported open interest in the affected futures contract month or, in the case of options, more than one percent of the open interest in the affected put or call strike. However, on or after the first day on which delivery notices can be tendered in physically delivered contracts, positions may be offset via netting, transfer, or adjustment only to correct a bona fide clerical or operational error and only if the quantity of the offset does not represent more than one percent of the reported open interest in the affected futures contract month.~~
- ~~C2. If a single clearing member carries both speculative and hedge positions, they shall not be held in the same account, a separate hedge account must be so designated. Clearing members must obtain evidence ascertaining the validity of positions classified as bona fide hedges.~~
- ~~3. Concurrent long and short positions may not be offset by netting, transfer, adjustment, or any other bookkeeping procedures, but each side must be offset by normal transactions or in accordance with CME Rules 538 or 719 (cash for futures).~~
- ~~4. Clearing members which, pursuant to this rule, carry concurrent long and short positions, must report to the Exchange both sides as open positions. When either side, or both sides are reduced in accordance with Section B. of this rule through transactions in the pit or in accordance with Rules 538 or 719, the open positions as reported to the Exchange must be reduced accordingly.~~
- ~~D5. The Exchange takes no position regarding the internal bookkeeping procedures of its clearing members which, for the convenience of a customer, may "hold open" a position only on their books. However, the clearing member must accurately report to the Exchange and the Clearing House, as appropriate, large trader positions, long positions eligible for delivery and open interest following an offsetting transaction on the Exchange, regardless of what is indicated on the clearing member's internal records, the Exchange Clearing House must be notified that the offset has occurred. Following this offset, the date represented by the long position is no longer available for delivery purposes. This procedure should eliminate the need for adjustments to be made during the final days of trading.~~
- ~~6. Although CME Rule 853 allows for existing trades to be transferred to the books of another clearing member at the request of a customer, it is considered to be a violation of Exchange Rules to knowingly allow such a transfer when it would result in concurrent speculative long and short positions not allowed by this rule. The positions which would create the concurrent long and short situation may not be so transferred, but must remain with the original clearing member, be transferred elsewhere, or liquidated by normal transactions or in accordance with CME Rule 538 or 719.~~

855.

OFFSETTING E-MINI AND REGULAR FUTURES POSITIONS

- A. With the consent of the account controller, a clearing member may offset and liquidate long E-Mini futures positions against short regular futures positions, or short E-Mini futures positions against long regular futures positions, held in the same account in the following ratios of E-Mini to regular futures contracts:

E-Mini S&P 500 to regular S&P 500:	5:1
E-Mini Nasdaq 100 Index to regular Nasdaq 100 Index:	5:1
E-Mini S&P Midcap 400 to regular S&P Midcap 400	5:1
E-Mini Russell 2000 to regular Russell 2000	5:1
E-Mini Currency to regular Currency:	2:1

The clearing member shall notify the Clearing House of offsetting positions by submitting reports to

the Clearing House in such form and manner as the Clearing House shall specify. The positions shall be offset at the previous day's settlement price.

- B. The positions being offset shall be transferred to a CME holding account. Long and short positions in the same contract and contract month held in the holding account shall be netted, thus reducing the number of open positions in such contract.
- C. With the consent of the account controller, a clearing member may convert Eurodollar and E-Mini Eurodollar futures positions into equivalent E-mini Five-year Eurodollar Bundle positions, or E-mini Five-year Eurodollar Bundle positions into equivalent Eurodollar and E-Mini Eurodollar futures positions, held in the same account in the following ratios of E-Mini to regular futures contracts:

One (1) each of twenty (20) consecutive quarterly expirations of the E-Mini Eurodollar Futures to one (1) E-mini Five-Year Eurodollar Bundle Futures

One (1) each of twenty (20) consecutive quarterly expirations of the Eurodollar Futures to ten (10) E-mini Five-Year Eurodollar Bundle Futures

The positions being converted shall be transferred to a CME holding account. Long and short positions in the same contract and contract month held in the holding account shall be netted, thus reducing the number of open positions in such contract. The clearing member shall notify the Clearing House of the offsetting Eurodollar, E-mini Eurodollar and E-mini Five-Year Eurodollar Bundle positions by submitting reports to the Clearing House in such form and manner as the Clearing House shall specify. The positions shall be offset at the previous day's settlement prices, with any rounding in favor of the CME holding account.

(End Chapter 8)

Chapter 9 Clearing Members

GENERAL

900. CATEGORIES OF CLEARING MEMBERS

The Exchange may establish different clearing member categories and alter the rights and responsibilities of such categories.

~~900.A. Clearing Members~~

The term "clearing member" as used in the Rules, shall include all clearing member categories set forth in this Rule 900, unless otherwise specified.

~~900.BA. CME Clearing Members~~

~~CME Clearing Members shall be have all applicable rights, responsibilities and privileges attendant thereof, subject to the provisions of these rules and shall be qualified to clear transactions for all CME products and all Expanded-Access Products listed for trading by CBOT after July 12, 2007.~~

~~900.CB. CME Corporate Equity Inactive Clearing Members~~

~~CME Corporate Equity Inactive clearing members shall: (i) have no customers, (ii) not qualify traders, and (iii) have no direct clearing relationship with the Exchange. CME Corporate Equity Inactive clearing members must meet all clearing membership requirements except certain financial capital and reporting requirements as determined by Exchange staff.~~

~~900.D. Special CME Clearing Members~~

~~All individuals and firms that were CBOT Clearing Members on or before April 16, 2003, were eligible to be admitted as Special CME Clearing Members at CME. Individuals and firms that become CBOT Clearing Members after April 16, 2003, shall be admitted as Special CME Clearing Members at CME if such CBOT Clearing Members meet CME's requirements for clearing membership.~~

~~Except as otherwise provided in the Rules, CBOT Clearing Members admitted as Special CME Clearing Members shall not be subject to the assignment requirements of CME memberships and Class A Shares. Applicants seeking Special CME Clearing Membership at CME must apply for membership on the CBOT.~~

~~Special CME Clearing Members shall, unless otherwise stated in the Rules, have all applicable rights, responsibilities and privileges attendant thereof, subject to the provisions of the Rules. Unless otherwise provided by the Exchange, Special CME Clearing Members shall only be qualified to clear products traded on such Special CME Clearing Member's home exchange.~~

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. ~~Exchange~~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 ~~Exchange~~Clearing House. Subject to such exemptions, each applicant for qualification as a clearing member must satisfy the following requirements:

- A. It shall be a corporation (defined by the Rules of the Exchange to include a limited liability company), partnership or other entity approved by Exchange staff; It shall agree to: -1) abide by all ~~Exchange~~CME Rules and to cooperate in their enforcement; -2) be responsible, even after it has withdrawn as a clearing member, for any violations of ~~Exchange~~CME Rules committed by it while it was a clearing member; and -3) continue to meet all requirements applicable to clearing members, including all financial requirements provided by these rules;
- B. It shall have an authorized representative (i.e., officer, principal, or partner) who shall represent the clearing member before the Exchange and its committees. Such authorized representative shall be responsible to the Exchange for any representations made to the Exchange as if such person ~~was~~ were a member as defined by Rule 400.
- C. It shall be qualified to do business in the State of Illinois or have a valid agency agreement with an entity qualified to do business in the State of Illinois;
- D. It shall be engaged in or demonstrate immediate capacity to engage in the conduct of the business of a clearing member;
- E. It shall demonstrate such fiscal and moral integrity as would justify the Clearing House's assumption of the risks inherent in clearing its trades;

- F. It shall demonstrate financial capitalization commensurate with Exchange requirements as set by the Clearing House Risk Committee;
- G. If any person directly or indirectly controls, owns 10% or more of, or has the right to 10% or more of the profits of two or more clearing members, then each such clearing member shall guarantee the obligations of the others to the ExchangeClearing House and shall execute a written guarantee to the ExchangeClearing House on a form approved by the ExchangeClearing House.
- 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;
 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 ~~as determined by the Clearing House Risk Committee or Exchange staff.~~

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 Clearing House Risk Committee or Exchange staff, upon such notice, may disapprove or approve, subject to certain conditions, such changes in structure or operations if it determines that the proposed change could jeopardize the financial or operational integrity of the Exchange.

- I. It shall agree to guarantee and assume complete responsibility for: 1) all trades and orders executed or directed to be executed ~~in any division~~ by floor brokers and traders it qualified by it; and 2) all orders that floor brokers it qualified by it negligently execute or fail to execute either negligently, fraudulently or in violation of Exchange rules.

J.-K. [Reserved]

- L. It shall submit to the ExchangeClearing House a written guarantee, on a form provided by the ExchangeClearing House, from each person or entity owning 5% or more of the equity securities of the clearing member, that shall guarantee all obligations of the clearing member to the ExchangeClearing House arising out of accounts cleared by the clearing member that are:

1. non-customer accounts, including proprietary accounts as defined by CFTC Regulation 1.3(y); and
2. accounts carried by another futures commission merchant if such accounts would be considered non-customer accounts, including proprietary accounts as defined by CFTC Regulation 1.3(y), of the clearing member, if carried directly by the clearing member.

Notwithstanding anything herein to the contrary, the guarantee required by this Rule 901.L. shall not apply to any obligations of the clearing member to pay an assessment to the ExchangeClearing House pursuant to Rule 802.B.

Each clearing member must submit and maintain with the Audit Department a current list of every person or entity whiche is directly, or indirectly through intermediaries, the beneficial owner of 5% or more of any class of equity security of the clearing member. If such person or entity owns the clearing member indirectly through intermediaries, all intermediaries must be listed including, if a corporation, all shareholders who own 5% or more of any class of equity security, or, if a partnership, all general and any limited or special partners who have contributed 5% or more of the partnership's capital. If the intermediary's shareholders or partners are not individuals, the clearing member must include the chain of ownership of 5% shareholders, general partners and 5% limited or special partners until individuals are listed.

If a corporation directly or indirectly owns 5% or more of the equity securities of the clearing member, the written guarantee shall be signed by an appropriate officer of the corporation, and a resolution granting such officer authority to sign the guarantee shall also be submitted to the ExchangeClearing House. ExchangeClearing House staff may also require each person or entity owning 5% or more of the equity securities of such parent corporation, or of parents of such parent corporation, to execute guarantees.

For purposes of this Rule 901.L., the term "equity security" shall include any stock, partnership

interest or similar security; or any security convertible, with or without consideration, into such a security, or carrying any warrant or right to subscribe to or purchase such a security; or any such warrant or right; or any other security that Exchange Clearing House staff shall deem to be of similar nature and consider necessary or appropriate to treat as an equity security.

M. It shall guarantee and assume financial responsibility for all trading activity routed through a Globex portal, or routed through any other electronic trading system to CME for clearing of such transactions. ~~Such activity is, and are~~ guaranteed to CME by the clearing member via any connection, terminal, link, telecommunications hub or handheld unit provided by the clearing member to a third party as well as any other applicable electronic trading systems and terminals that the clearing member provides to a third party to enter orders.

N. ~~It~~ A clearing member shall also be responsible for the acts of Globex terminal operators accessing the Globex system through its connections, including direct connections or other connections using its terminals and the terminals that it provides to firms that are under common ownership with it. It shall be the duty of the clearing member to supervise such Globex terminal operators' compliance with Exchange rules, and any violation of Exchange rules by such terminal operators may be considered a violation by the clearing member.

NO. It shall agree to guarantee and assume complete responsibility for trades executed on ~~(1) the Exchange's electronic trading venue(s); or (2) Marketplaces~~ for which the Exchange provides clearing services per Rule 8B02 and Rule 8-C.

902.

CLEARING MEMBERSHIP ASSIGNMENT REQUIREMENTS

902.A. Assignment Requirement

Subject to exemptions granted by Exchange staff, each CME clearing member shall have at least 8,000 Class A Shares assigned to it and shall have at least: two CME memberships, two IMM memberships, two IOM memberships, and one GEM membership assigned. A clearing member which was an IMM Class A clearing member on or prior to May 6, 1987, shall have at least 8,000 Class A Shares assigned to it and shall have at least one CME membership, three IMM memberships, two IOM memberships, and one GEM membership assigned. ~~Notwithstanding the above, a clearing member approved for membership on or before February 1, 2007, that was subject to an assignment requirement of 15,000 CME Class A Shares may only reduce such Class A Share requirement to 8,000 shares incrementally over a three month period in accordance with the procedures established by the Exchange. Provided, further, any clearing member approved for membership on or before February 1, 2007, may not withdraw and reapply for clearing membership under the 8,000 Class A Share assignment threshold for at least a three month period.~~

A higher Division membership may be substituted for a lower Division membership to satisfy these requirements.

Subject to exemptions granted by Exchange staff, each CME clearing member shall assign at least the number of CME Group Class A Shares set forth in the table below:

Number of CME Group Class A Shares Needed for Membership

Rule 900.A. CME Clearing Members	<u>Clearing Members:</u> <u>FCMs,</u> <u>Non-FCMs,</u> <u>Closely Held and Sole Proprietorships</u>	<u>8,000</u>	<u>12,000</u>
	<u>Member firm plus all 100% affiliates (Umbrellas)</u>	<u>8,000</u>	<u>12,000</u>

Rule 900.B.	<u>Corporate Equity Members (Inactive Clearing)</u>	8,000	12,000 (w/CBOT Full)
	CME Corporate Equity Members		9,750 (w/CBOT Assoc)
	<u>Family of Funds (holding equity)</u>	8,000	12,000

~~Assigned Class A Shares assigned to a clearing member~~ may not be sold, pledged, hypothecated, lent, reregistered or otherwise transferred without the prior approval of the Exchange. Each clearing member assigning Class A Shares to ~~CME~~ the Clearing House hereby acknowledges that ~~CME~~ the Clearing House has control over such Class A Shares and further agrees to comply with any policies or procedures established by ~~CME~~ the Clearing House to affect control over Class A shares.

All of the ~~memberships interests~~ and Class A and B Shares required for clearing memberships pursuant to this rule must be owned by the clearing member or a person, including a parent company, with an acceptable proprietary interest in such clearing member, if such clearing member was approved for membership after June 1, 2003.

A clearing member approved for membership on or before June 1, 2003, may continue to maintain the same number of independent membership assignments and the same ratio of independent Class A Share assignments as the clearing member held on June 1, 2003 (i.e., up to one CME, one IMM, and one IOM memberships, and up to 50 percent of the Class A Shares). If a clearing member approved on or before June 1, 2003, or a person with an acceptable proprietary interest in the clearing member, subsequently purchases a membership or Class A Shares and substitutes such asset for one which was previously an independent assignment, such membership or Class A Shares must thereafter be owned by the clearing member or a person with an acceptable proprietary interest.

Upon default of a clearing member in meeting its obligations to the ~~Exchange~~ Clearing House or upon the Clearing House Risk Committee's determination that a clearing member's financial position jeopardizes the financial integrity of the ~~Exchange~~ Clearing House, the ~~Exchange~~ Clearing House may direct the sale of any or all of the clearing member's assigned CME memberships and Class A Shares ~~and any Membership Interests and associated shares of common stock of a Special CME Clearing Member held by or pledged to the Clearing House~~. The proceeds from the sale of the CME memberships, shall be used to satisfy Rule 110 obligations.

902.B. ~~Trading Privileges for Assigned Memberships~~ [RESERVED]

~~A member may assign his membership without trading restrictions.~~

902.C. Assignment Process

A membership and/or Class A Shares may be assigned ~~to a clearing member~~ upon the completion of an Exchange-approved form. A membership and Class A Shares may be assigned on behalf of only one clearing member and may not be subject to any Rule 110 claims at the time of assignment. Upon submitting an assignment form to the Shareholder Relations and Membership Services Department, the newly assigned membership shall be notified of the assignment to the membership for ten days. Parties will have ten days after the notification of the assignment to submit any Rule 110 claims against the membership being assigned. After all Rule 110 claims have been resolved to the satisfaction of the Exchange, the membership shall be assigned ~~to the clearing member~~.

902.D. Assignment Substitutions

A clearing member may substitute a membership and/or Class A Shares for an assigned membership and/or Class A Shares 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. ~~Such substitution shall be required to protect the financial integrity of the Exchange. Violation of this rule may be a major offense.~~

902.E. Assignment Withdrawal Disputes

In the event a member wants to withdraw his assigned membership over the objection of the clearing member to which the membership is assigned, such member must request permission to do so from Exchange Clearing House staff. The request must be in writing with a copy delivered to the clearing member to which the membership is assigned. Exchange staff may grant such requests under conditions that do not jeopardize the financial integrity of the Exchange.

902.F. Lien on Memberships Interests and Class A Shares

Each clearing member and Special CME Clearing Member hereby grants to CME the Clearing House a first priority and unencumbered lien against all Memberships Interests and any Class A Shares associated shares of common stock required for clearing membership by the Exchange or the Special CME clearing member's exchange or Market, as applicable. Clearing members and Special CME Clearing Members shall execute any documents required by the Exchange to create and enforce such lien.

903.-909. [RESERVED] RESPONSIBILITY FOR QUALIFIED MEMBERS

- A. A clearing member that qualifies a floor broker or trader thereby guarantees and assumes complete responsibility for: 1) all trades and orders executed or directed to be executed by such floor broker or trader; and 2) all orders that such floor broker executes or fails to execute either negligently, fraudulently or in violation of Exchange rules.
- B. 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 Globex access to, or clear any trade for, an employee, qualified trader or other representative of another clearing member without the written consent of such clearing member. No clearing member shall provide Globex 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.-909. [RESERVED]

APPLICATION PROCEDURES FOR CLEARING MEMBERS

910. APPLICATION FORMS

Applicants for clearing membership shall submit an application, financial statements and other documentation as ~~Exchange~~Clearing House staff shall require.

911. SCREENING PROCEDURES

Upon receipt of an application, the Audit Department shall investigate the applicant's qualifications, which may include an examination of the books and records of the applicant. ~~The Audit Department shall coordinate its investigation with staff at the applicable exchange or market if the applicant is also applying for clearing membership at such exchange or market.~~

912. APPROVAL

An applicant for clearing membership receiving a majority vote of the full membership of the Clearing House Risk Committee shall be approved effective immediately.

An applicant that fails to receive a majority vote shall be informed by the Clearing House Risk Committee chairman and shall have 10 days thereafter to file an appeal to the Board seeking further consideration. The Board may approve the applicant by a majority vote if it is satisfied that the Clearing House Risk Committee's decision was arbitrary, capricious or an abuse of the Committee's discretion.

913. WITHDRAWAL FROM CLEARING MEMBERSHIP

913.A. Voluntary Withdrawal

A clearing member may withdraw from clearing membership upon approval of ~~Exchange~~Clearing House staff, and ratification by the Clearing House Risk Committee. ~~Exchange~~Clearing House staff shall base its decision on all relevant factors, including, but not limited to, whether the withdrawal is consistent with the best interests of the Exchange, the Clearing House, the membership and the public. The withdrawal shall be effective on the date that the withdrawal is posted.

913.B. Release of Security Deposit, Membership and Class B Share Proceeds and Assignments

When a clearing member withdraws from clearing membership (whether voluntarily or involuntarily), its security deposit, the proceeds from the sale of its memberships and its Class A Shares assigned for clearing qualification or any other deposits required by the Clearing House membership equivalent amounts, and any remaining assets available to the Exchange including, but not limited to, memberships, and Class A Shares, Membership Interests and any associated shares of common stock held by or pledged to the Clearing House, if applicable, will be released when ~~Exchange~~ staff determines that the following has occurred: -(1) all contracts and obligations with the Exchange have been settled and paid, -(2) all sums owing to the Exchange have been paid, -(3) all obligations to other members and customers arising out of claims directly related to futures transactions cleared on the Exchange have been paid or otherwise provided for, and -(4) all obligations to other members and customers arising out of other arbitration claims filed pursuant to Chapter 6 have been paid or otherwise provided for and (5) the requisite liquidity providers for the Exchange have released the security interest in such clearing member's "Assets" contemplated by Rule 816Z in accordance with the terms of the liquidity facility contemplated thereby; provided, however, that in the event that ~~Exchange~~ staff determines that all of the foregoing other than (4) have occurred, the Clearing House Risk Committee may in its discretion authorize the release of such property.

Generally, no such property shall be released prior to the 60th day following the effective date of the clearing member's withdrawal from membership in the Clearing House. Notwithstanding the above, Exchange staff may grant an exemption to the above restriction for good cause shown ~~if it determines that such exemption will not jeopardize the financial integrity of the Exchange.~~ Further, for purposes of the paragraph above ~~paragraph~~, all obligations of the withdrawing clearing member to the Exchange, of whatever nature or kind, shall be accelerated and become due and payable upon the effective date provided for in the Clearing House Risk Committee decision to approve the withdrawal.

914.-921. [RESERVED]

FINANCIAL REQUIREMENTS

922. FAILURE TO MEET MINIMUM FINANCIAL REQUIREMENTS

~~If, in the opinion of the Audit Department, a clearing member fails to meet the minimum financial requirements as prescribed herein or neglects to promptly furnish a statement upon request, a recommendation shall be made to the Clearing House Risk Committee to suspend the privileges of the clearing member. Thereupon, the Clearing House Risk Committee shall conduct a hearing and the said clearing member shall show cause why its privileges should not be suspended. Upon finding that the minimum financial requirements are being violated, the Clearing House Risk Committee may suspend~~

the privileges of such clearing member in accordance with the provisions of Chapter 4 of these rules. The CFTC shall be immediately notified of any clearing member who fails to meet the minimum financial requirements. Any suspended clearing member may appeal the decision of the Clearing House Risk Committee to the Board.

923. EMERGENCY FINANCIAL CONDITIONS

If the President or the Managing Director and President of the Clearing House determines that the financial or operational condition of a clearing member or one of its affiliates is such that to allow that clearing member to continue its operation would jeopardize the integrity of the Exchange, or negatively impacts the financial markets by introducing an unacceptable level of uncertainty, volatility or risk, whether or not the clearing member continues to meet the required minimum financial requirements, he or she may empanel the Chief Executive Officer, the President, Chairman of the Board, the Chairman of the Clearing House Risk Committee and the Managing Director and President of the Clearing House. Such panel shall be duly authorized and, upon a unanimous vote of the panel, be empowered to order (a) an immediate position limitation, (b) an immediate suspension of the clearing member, (c) that all open trades of said clearing member be for liquidation only, (d) the liquidation or transfer of all or a portion of the open positions of the clearing member, or (e) additional performance bond to be deposited with the Clearing House. The clearing member affected by action taken shall be notified and may request a hearing before the Board as provided in Rule 411. In the event of suspension, the Chief Executive Officer shall, promptly after a suspension, set the matter for hearing before the Board for final determination. To the extent that the panel orders that all open trades of said clearing member be for liquidation only, or the panel orders the liquidation or transfer of all of the open positions of the clearing member, Rule 913.B shall apply and the clearing member shall be treated as a withdrawing clearing member.

924. RESPONSIBILITY FOR QUALIFIED TRADERS

- A. A clearing member that qualifies a floor broker or trader thereby guarantees and assumes complete responsibility for: 1) all trades and orders executed or directed to be executed by such floor broker or trader; and 2) all orders that such floor broker negligently or fraudulently executes or fails to execute.
- B. 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 failed to pay an indebtedness to the clearing member last qualifying him that arises out of a pledge of a membership and a Class B Share as collateral security on any such indebtedness, or arising out of futures transactions on the Exchange. Any other disputes between the parties shall be resolved 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 only place trades through his qualifying clearing member. Any clearing member that has 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 a Globex terminal to or clear any trade for an employee, qualified trader or other representative of another clearing member without the written consent of such clearing member. No clearing member shall provide a Globex terminal to or clear any trade for a person in 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.~~

925-929. [RESERVED]

ACCOUNT HOLDER PERFORMANCE BOND REQUIREMENTS

930. PERFORMANCE BOND REQUIREMENTS: ACCOUNT HOLDER LEVEL

930.A. Performance Bond System

The Standard Portfolio Analysis of Risk (SPAN®) Performance Bond System is the performance bond system adopted by the Exchange. SPAN-generated performance bond requirements shall constitute Exchange performance bond requirements. All references to performance bond within the rules of the Exchange shall relate to those computed by the SPAN system.

Performance bond systems other than the SPAN system may be used to meet Exchange performance bond requirements if the clearing member can demonstrate that its system will always produce a performance bond requirement equal to or greater than the SPAN performance bond requirements.

930.B. Performance Bond Rates

1. Non-Security Futures

Exchange staff shall determine initial and maintenance performance bond rates used in determining Exchange performance bond requirements. The Board reserves the right to change or modify any performance bond levels determined by Exchange staff.

2. Security Futures

- a. Initial and maintenance performance bond (or "margin") rates used in determining Exchange performance bond requirements applied to Security Futures on behalf of Customers, whether effected on the Exchange or on a Marketplace apart from Exchange but cleared by the Clearing House per Chapter 8B, and held in a futures account, shall be established at levels no lower than those prescribed by CFTC Regulation Section 41.45; and, SEC Regulation 242.403, including any successor Regulations.
- 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.

A Market Maker satisfies condition (c) above if, at a minimum, any of the following three requirements are fulfilled:

- (1) The Market Maker:
 - (i) Provides continuous two-sided quotations throughout the trading day for all delivery months of Security Futures Contracts representing a meaningful proportion of the total trading volume of Security Futures Contracts on the Exchange, subject to relaxation during unusual market conditions as determined by the Exchange (such as a fast market in either a Security Futures Contract or a security underlying a Security Futures Contract) at which times the Market Maker must use its best efforts to quote continuously and competitively; and
 - (ii) When providing quotations, quotes with a maximum bid/ask spread no more than the greater of \$0.20 or 150% of the bid/ask spread in the primary market for the security underlying each Security Futures Contract.

- (2) The Market Maker:

- (i) Responds to at least 75% of the requests for quotation for all delivery months of Security Futures Contracts representing a meaningful proportion of the total trading volume of Security Futures Contracts on the Exchange, subject to relaxation during unusual market conditions as determined by the Exchange (such as a fast market in either a Security Futures Contract or a security underlying a Security Futures Contract) at which times the Market Maker must use its best efforts to quote competitively; and
 - (ii) When responding to requests for quotation, quotes within five seconds with a maximum bid/ask spread no more than the greater of \$0.20 or 150% of the bid/ask spread in the primary market for the security underlying each Security Futures Contract.
- (3) The Market Maker:
- (i) Is assigned to a group of Security Futures Contracts listed on the Exchange that is either unlimited in nature ("Unlimited Assignment"); or, is assigned to no more than 20% of the Security Futures Contracts listed on the Exchange ("Limited Assignment");
 - (ii) At least 75% of the Market Maker's total trading activity in Exchange Security Futures Contracts is in its assigned Security Futures Contracts, measured on a quarterly basis;
 - (iii) During at least 50% of the trading day the Market Maker has bids or offers in the market that are at or near the best market, except in unusual market conditions as determined by the Exchange (such as a fast market in either a Security Futures Contract or a security underlying a Security Futures Contract), with respect to at least 25% (in the case of an Unlimited Assignment) or at least one (in the case of a Limited Assignment) of its assigned Security Futures Contracts; and
 - (iv) The requirements in (ii) and (iii) above are satisfied on: (a) at least 90% of the trading days in each calendar quarter by Market Makers who have undertaken an Unlimited Assignment; or (b) at least 80% of the trading days in each calendar quarter by Market Makers who have undertaken a Limited Assignment; or (c) on at least 80% of the trading days in each calendar quarter by Market Makers who have undertaken either an Unlimited Assignment or Limited Assignment but where the Exchange is listing four (4) or fewer Security Futures Contracts.

For purposes of clauses (1) and (2) above, beginning on the 181st calendar day after the commencement of trading of Security Futures Contracts on the Exchange, a "meaningful proportion of the total trading volume of Security Futures Contracts on the Exchange" shall mean a minimum of 20% of such trading volume.

Any Market Maker that fails to comply with the applicable Rules of the Exchange, CFTC Regulations 41.41 through 41.49 and SEC Regulations 242.400 through 242.406 shall be subject to disciplinary action in accordance with Chapter 4. Appropriate sanctions in the case of any such failure shall include, without limitation, a revocation of such Market Maker's registration as a Security Futures Dealer.

- c. The Exchange shall establish initial and maintenance performance bond requirements applicable to Security Futures and held in a futures account, provided that the performance bond requirement for any long or short position held by a clearing member on behalf of a Customer shall not be less than 20% of the current market value of the relevant Contract; or, such other requirement as may be established by the CFTC and SEC for purposes of CFTC Regulation 41.45(b)(1) and SEC Regulation 242.403(b)(1) except as provided below.
- d. Initial and maintenance performance bond requirements for offsetting positions involving Security Futures and related positions are provided in the schedule below, for purposes of CFTC Regulation 41.45(b)(2) and SEC Regulation 242.403(b)(2).

PERFORMANCE BOND (or "MARGIN") REQUIREMENTS FOR OFFSETTING POSITIONS

DESCRIPTION OF OFFSET	SECURITY UNDERLYING THE SECURITY FUTURE	INITIAL MARGIN REQUIREMENT	MAINTENANCE MARGIN REQUIREMENT
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DESCRIPTION OF OFFSET	SECURITY UNDERLYING THE SECURITY FUTURE	INITIAL MARGIN REQUIREMENT	MAINTENANCE MARGIN REQUIREMENT
Long security future (or basket of security futures representing each component of a narrow-based securities index) and long put option on the same underlying security (or index)	Individual stock or narrow-based security index	20% of the current market value of the long security future, plus pay for the long put in full.	The lower of: (1) 10% of the aggregate exercise price of the put plus the aggregate put out-of-the-money amount, if any; or (2) 20% of the current market value of the long security future.
Short security future (or basket of security futures representing each component of a narrow-based securities index) and short put option on the same underlying security (or index)	Individual stock or narrow-based security index	20% of the current market value of the short security future, plus the aggregate put in-the-money amount, if any. Proceeds from the put sale may be applied.	20% of the current market value of the short security future, plus the aggregate put in-the-money amount, if any
Long security future and short position in the same security (or securities basket) underlying the security future	Individual stock or narrow-based security index	The initial margin required under Regulation T for the short stock or stocks.	5% of the current market value as defined in Regulation T of the stock or stocks underlying the security future.
Long security future (or basket of security futures representing each component of a narrow-based securities index) and short call option on the same underlying security (or index)	Individual stock or narrow-based security index	20% of the current market value of the long security future, plus the aggregate call in-the-money amount, if any. Proceeds from the call sale may be applied.	20% of the current market value of the long security future, plus the aggregate call in-the-money amount, if any.
Long a basket of narrow-based security futures that together tracks a broad-based index and short a broad-based security index call option contract on the same index	Narrow-based security index	20% of the current market value of the long basket of narrow-based security futures, plus the aggregate call in-the-money amount, if any. Proceeds from the call sale may be applied.	20% of the current market value of the long basket of narrow-based security futures, plus the aggregate call in-the-money amount, if any.
Short a basket of narrow-based security futures that together tracks a broad-based security index and short a broad-based security index put option contract on the same index	Narrow-based security index	20% of the current market value of the short basket of narrow-based security futures, plus the aggregate put in-the-money amount, if any. Proceeds from the put sale may be applied.	20% of the current market value of the short basket of narrow-based security futures, plus the aggregate put in-the-money amount, if any.
Long a basket of narrow-based security futures that together tracks a broad-based security index and long a broad-based security index put option contract on the same index	Narrow-based security index	20% of the current market value of the long basket of narrow-based security futures, plus pay for the long put in full.	The lower of: (1) 10% of the aggregate exercise price of the put, plus the aggregate put out-of-the-money amount, if any; or (2) 20% of the current market value of the long basket of security futures.
Short a basket of narrow-based security futures that together tracks a broad-based security index and long a broad-based security index call option contract on the same index	Narrow-based security index	20% of the current market value of the short basket of narrow-based security futures, plus pay for the long call in full.	The lower of: (1) 10% of the aggregate exercise price of the call, plus the aggregate call out-of-the-money amount, if any; or (2) 20% of the current market value of the short basket of security futures.
Long security future and short security future on the same underlying security (or index)	Individual stock or narrow-based security index.	The greater of: 5% of the current market value of the long security future; or (2) 5% of the current market value of the short security future.	The greater of: 5% of the current market value of the long security future; or (2) 5% of the current market value of the short security future.
Long security future, long put option and short call option. The long security future, long put and short call must be on the same underlying security and the put and call must have the same exercise price. (Conversion)	Individual stock or narrow-based security index.	20% of the current market value of the long security future, plus the aggregate call in-the-money amount, if any, plus pay for the put in full. Proceeds from the call sale may be applied.	10% of the aggregate exercise price, plus the aggregate call in-the-money amount, if any.
Long security future, long put option and short call option. The long security future, long put and short call must be on the same underlying security and the put exercise price must be below the call exercise price (Collar)	Individual stock or narrow-based security index.	20% of the current market value of the long security future, plus the aggregate call in-the-money amount, if any, plus pay for the put in full. Proceeds from call sale may be applied.	The lower of: (1) 10% of the aggregate exercise price of the put plus the aggregate put out-of-the money amount, if any; or (2) 20% of the aggregate exercise price of the call, plus the aggregate call in-the-money amount, if any.

DESCRIPTION OF OFFSET	SECURITY UNDERLYING THE SECURITY FUTURE	INITIAL MARGIN REQUIREMENT	MAINTENANCE MARGIN REQUIREMENT
Short security future and long position in the same security (or securities basket) underlying the security future	Individual stock or narrow-based security index.	The initial margin required under Regulation T for the long stock or stocks.	5% of the current market value, as defined in Regulation T, of the long stock or stocks.
Short security future and long position in a security immediately convertible into the same security underlying the security future, without restriction, including the payment of money	Individual stock or narrow-based security index.	The initial margin required under Regulation T for the long security.	10% of the current market value, as defined in Regulation T, of the long security.
Short security future (or basket of security futures representing each component of a narrow-based securities index) and long call option or warrant on the same underlying security (or index)	Individual stock or narrow-based security index.	20% of the current market value of the short security future, plus pay for the call in full.	The lower of: (1) 10% of the aggregate exercise price of the call, plus the aggregate call out-of-the-money amount, if any; or (2) 20% of the current market value of the short security future.
Short security future, Short put option and long call option. The short security future, short put and long call must be on the same underlying security and the put and call must have the same exercise price. (Reverse Conversion)	Individual stock or narrow-based security index.	20% of the current market value of the short security future, plus the aggregate put in-the-money amount, if any, plus pay for the call in full. Proceeds from put sale may be applied.	10% of the aggregate exercise price, plus the aggregate put in-the-money amount, if any.
Long (short) a basket of security futures, each based on a narrow-based security index that together tracks the broad-based index and short (long) a broad-based index future	Narrow-based security index	5% of the current market value for the long (short) basket of security futures.	5% of the current market value of the long (short) basket of security futures.
Long (short) a basket of security futures that together tracks a narrow-based index and short (long) a narrow-based index future	Individual stock or narrow-based security index	The greater of: (1) 5% of the current market value of the long security future(s); or (2) 5% of the current market value of the short security future(s).	The greater of: (1) 5% of the current market value of the long security future(s); or (2) 5% of the current market value of the short security future(s).
Long (short) a security future and short (long) an identical security future traded on a different market.	Individual stock or narrow-based security index	The greater of: (1) 3% of the current market value of the long security future(s); or (2) 3% of the current market value of the short security future(s).	The greater of: (1) 3% of the current market value of the long security future(s); or (2) 3% of the current market value of the short security future(s).

930.C. Acceptable Performance Bond Deposits

1. Non-Security Futures

Clearing members may accept from their account holders as performance bond cash currencies of any denomination, readily marketable securities (as defined by SEC Rule 15c3-1(c)(11) and applicable SEC interpretations), money market mutual funds allowable under CFTC Regulation 1.25, and bank-issued letters of credit.

Clearing members shall not accept as performance bond from an account holder securities that have been issued by the account holder or an affiliate of the account holder unless the clearing member files a petition with and receives permission from ExchangeClearing House staff.

Bank-issued letters of credit must be in a form acceptable to the ExchangeClearing House. Such letters of credit must be drawable in the United States. Clearing members shall not accept as performance bond from an account holder letters of credit issued by the account holder, an affiliate of the account holder, the clearing member, or an affiliate of the clearing member.

All assets deposited by account holders to meet performance bond requirements must be and remain unencumbered by third party claims against the depositing account holder.

Except to the extent that ExchangeClearing House staff shall prescribe otherwise, cash currency performance bond deposits shall be valued at market value. All other performance bond deposits other than letters of credit shall be valued at an amount not to exceed market value less applicable haircuts as set forth in SEC Rule 240.15c3-1.

2. Security Futures

- a. Clearing Members may accept from their Customers as performance bond (or "margin") for Security Futures held in a futures account, deposits of cash, margin securities (subject to the limitations set forth in the following sentence), exempted securities, any other assets permitted

under Regulation T of the Board of Governors of the Federal Reserve System (as in effect from time to time) to satisfy a performance bond deficiency in a securities margin account, and any combination of the foregoing, each as valued in accordance with CFTC Regulations 41.46(c) and 41.46(e); and, SEC Regulations 242.404(c) and 242.404(e). Shares of a money market mutual fund that meet the requirements of CFTC Regulation 1.25 may be accepted as a performance bond deposit from a Customer for purposes of this Rule.

- b. A Clearing Member shall not accept as performance bond from any Customer securities that have been issued by such Customer or an Affiliate of such Customer unless such Clearing Member files a petition with and receives permission from the Exchange for such purpose.
- c. All assets deposited by a Customer to meet performance bond requirements must be and remain unencumbered by third party claims against the depositing Customer.

930.D. Acceptance of Orders

Clearing members may accept orders for an account provided sufficient performance bond is on deposit in the account or is forthcoming within a reasonable time.

For an account which has been subject to calls for performance bond for an unreasonable time, clearing members may only accept orders that reduce the performance bond requirements of existing positions in the account.

Clearing members may not accept orders for an account that has been in debit an unreasonable time.

930.E. Calls for Performance Bond

1. Clearing members must issue calls for performance bond that would bring an account up to the initial performance bond requirement: a) when performance bond equity in an account initially falls below the maintenance performance bond requirement; and b) subsequently, when performance bond equity plus existing performance bond calls in an account is less than the maintenance performance bond requirement.

Such calls must be made within one business day after the occurrence of the event giving rise to the call. Clearing members may call for additional performance bond at their discretion. Notwithstanding the foregoing, a clearing member is not required to call for or collect performance bond for day trades.

2. Clearing members shall only reduce a call for performance bond through the receipt of performance bond deposits permitted under subsection C. of this rule. Clearing members may cancel a call for performance bond through: a) the receipt of performance bond deposits permitted under subsection C. of this rule only if such deposits equal or exceed the amount of the total performance bond call; or b) inter-day favorable market movements and/or the liquidation of positions only if performance bond equity in the account is equal to or greater than the initial performance bond requirement. Clearing members shall reduce an account holder's oldest outstanding performance bond call first.
3. Clearing members must maintain written records of all performance bond calls issued and satisfied in whole or in part.

930.F. Release of Excess Performance Bond

Subject to exceptions granted by Exchange staff, clearing members may only release performance bond deposits from an account if such deposits are in excess of initial performance bond requirements.

930.G. Loans to Account Holders

Clearing members may not make loans to account holders to satisfy their performance bond requirements unless such loans are secured as defined in CFTC Regulation 1.17(c)(3). The proceeds of such loans must be treated in accordance with CFTC Regulation 1.30.

930.H. Aggregation of Accounts and Positions

Clearing members may aggregate and net positions in accounts under identical ownership within the same classifications of customer segregated, customer secured, special reserve account for the exclusive benefit of customers, and nonsegregated for performance bond purposes. Clearing members may compute performance bond requirements on identically owned concurrent long and short positions on a net basis.

930.I. Hedge Positions

Clearing members shall have reasonable support to classify positions as bona-fide hedge and risk management positions, as defined by Rule 54359, that are afforded hedge performance bond rates.

930.J. Omnibus Accounts

1. Clearing members shall collect performance bond on a gross basis for positions held in domestic

and foreign omnibus accounts.

2. For omnibus accounts, initial performance bond requirements shall equal maintenance performance bond requirements.
3. Clearing members shall obtain and maintain written instructions from domestic and foreign omnibus accounts for positions which are entitled to spread or hedge performance bond rates.

930.K. Liquidation of Accounts

1. Non-Security Futures

If an account holder fails to comply with a performance bond call within a reasonable time (the clearing member may deem one hour to be a reasonable time), the clearing member may close out the account holder's trades or sufficient contracts thereof to restore the account holder's account to required performance bond status. Clearing members shall maintain full discretion to determine when and under what circumstances positions in any account shall be liquidated.

2. Security Futures

If a Customer fails to comply with a performance bond (or "margin") call within a reasonable period of time (the clearing member may deem one hour to be a reasonable period of time), the relevant clearing member shall take the deduction required with respect to an, undermargined account in computing its net capital under applicable CFTC and SEC Regulations.

If at any time there is a liquidating deficit in an account in which security futures are held, the clearing member shall take steps to liquidate positions in the account promptly and in an orderly manner.

930.L. Failure to Maintain Performance Bond Requirements

If a clearing member fails to maintain performance bond requirements for an account in accordance with this rule, the Exchange may direct such clearing member to immediately liquidate all or part of the account's positions to eliminate the deficiency.

930.M. Violation

~~Violation of this rule may constitute a major offense.~~

~~931.-9349. [RESERVED]~~

CUSTOMER ORDERS

~~935. RESPONSIBILITIES OF CLEARING MEMBER UPON RECEIPT OF CUSTOMER ORDER~~

~~All orders received by a clearing member shall, immediately upon receipt from a customer, be reduced to writing, with the customer's designation indicated, and be time stamped. All such orders shall be retained by the clearing member for a minimum of five years. In addition, all orders received by a clearing member for execution pursuant to the Mutual Offset System must be time stamped upon transmission to the executing clearing member.~~

~~936. CONFIRMATIONS TO CUSTOMERS~~

~~A clearing member shall confirm to the customer every transaction made for the customer no later than the following business day. Such confirmation shall be in electronic or written form and shall show the commodity bought or sold, the quantity, the price, the delivery month and, for options, strike price, put or call and expiration month.~~

~~937.-939. [RESERVED]~~

SUSPENSION AND EXPULSION

~~940. SUSPENSION OF CLEARING MEMBERS~~

~~If a clearing member becomes insolvent, the fact of such insolvency shall be announced by the President or the Managing Director and President of the Clearing House and thereupon such member shall be deemed automatically suspended. If a corporation, limited liability company or cooperative association member of the Clearing House becomes insolvent, or for other reasons is suspended from the Clearing House, the officers who are members of the Exchange may also be suspended from the Exchange. If a partnership is suspended from the Clearing House, the partners who are members of the Exchange may be suspended from the Exchange.~~

~~A clearing member shall be deemed insolvent:~~

- ~~1. If it files a voluntary petition in bankruptcy or is adjudicated as bankrupt;~~
- ~~2. If it fails to fulfill or promptly adjust all of its Exchange obligations; or~~

3. If satisfactory proof is made to the Clearing House Risk Committee that it is unable to pay its debts as they fall due in the ordinary course of business.

A clearing member may be suspended by the Board if it fails to meet the capital requirements of the Exchange or the CFTC or if its financial condition, or the financial condition of one of its affiliates, is such that its continued operation would jeopardize the integrity of the Exchange. Members and clearing members suspended in accordance with this rule shall be notified and may request a hearing before the Board as provided in Rule 411.

941. SUSPENSION OF OFFICERS OR PARTNERS

Whenever an officer, owner or partner of a clearing member is suspended or expelled, the respective clearing member, may be suspended or expelled for a like term. Members and clearing members affected by this rule shall be notified and may request a hearing before the Board as provided in Rule 411.

942. OPEN TRADES OF SUSPENDED CLEARING MEMBERS

When a clearing member, having open trades, is suspended or expelled, it may designate a clearing member to close out such transactions through designated personnel and in a manner acceptable to the Clearing House. The foregoing shall not apply where a member is suspended for default upon his obligations to the Clearing House or otherwise suspended for insolvency.

When a clearing member that has open positions, defaults to the Clearing House in the deposit of performance bonds or settlements, or is suspended for insolvency, the President or the Managing Director and President of the Clearing House may appoint a clearing member to which all such open positions shall be transferred for liquidation, or may appoint a clearing member to liquidate such positions on behalf of such defaulted or suspended clearing member. If open positions are transferred, all supporting performance bond associated with the positions and any settlement payments due or collected must be delivered to the Clearing House, to be entrusted to the clearing member designated to liquidate the positions. The clearing member appointed to liquidate the positions shall have the right, under the direction of the Managing Director and President of the Clearing House, to buy or sell for the account of the member such commodities as may be necessary to clear the suspended clearing member's contracts with the Clearing House; the clearing member shall also have the right under the direction of the Chief Executive Officer to make or take delivery.

943. REINSTATEMENT AFTER SUSPENSION

A clearing member suspended for insolvency may be reinstated upon affirmative proof to the Board that of its financial responsibility. A member suspended because of the suspension of the clearing member with which he was connected, may be reinstated upon showing that the financial responsibility of that clearing member has been re-established; provided, however, that nothing herein shall prevent the member from withdrawing from the corporation, partnership or sole proprietorship and making an application for reinstatement to membership in the Exchange, provided that the previous failure of the clearing member was not caused by that member's willful, reckless or unbusinesslike conduct.

944. LIQUIDATION OF SUSPENDED OR EXPELLED CLEARING MEMBERS

In the event a clearing member has been placed in liquidation, the clearing member shall comply with all orders of the Board, the Chief Executive Officer, or the Clearing House in matters relating to that liquidation or transfer of commitments and disbursements of funds.

In the event of refusal of a clearing member to comply with requirements placed upon it, the Clearing House may take whatever means necessary in proceeding with compliance.

A clearing member who has been expelled for violation of Exchange rules may be placed in liquidation by the Board, in accordance with the provisions of Rule 944

945-949. [RESERVED]

SALES PRACTICES AND CUSTOMER PROTECTION

950. SUPERVISION

Each clearing member shall adopt and enforce written procedures pursuant to which it will supervise in accordance with the requirements of these Rules and the CEA and CFTC Regulations thereunder, each customer's account(s), including, but not limited to, the solicitation of any such account(s). For purposes of this rule, the term "customer" does not include another futures commission merchant. Exchange staff shall determine whether the sales practices and customer protection requirements set forth in the Rules shall be applicable to Special CME Clearing Members.

951. **DISCLOSURE REQUIREMENTS**

Each clearing member must comply with ~~the~~all disclosure requirements set forth in applicable CFTC and NFA Rules and Regulations~~Regulation 33.7.~~

952. **SALES COMMUNICATIONS**

No clearing member shall make fraudulent or high-pressure sales communications relating to the offer or sale of commodity futures and options. ~~Violation of this rule may constitute a major offense.~~

953. **PROMOTIONAL MATERIAL**

A.—No clearing member shall use any promotional material which is likely to deceive or mislead the public.

B.—Each clearing member shall maintain a copy of all written and electronic promotional material ~~in a central file at the clearing member's principal place of business~~ and shall make such promotional material available to the Exchange upon request.

C.—~~Violation of this rule may constitute a major offense.~~

954. **CUSTOMER COMPLAINTS**

Each clearing member shall retain all written customer complaints, and make and retain a record of the date each complaint was received, the associated person who serviced the account, a general description of the matter complained of, and what, if any, action was taken by the clearing member regarding the complaint. With respect to verbal complaints, each clearing member shall develop and implement a written program approved by senior management that requires clearing member staff to direct individuals with verbal complaints to place such complaints in written form and submit such complaints to the Compliance Officer of the clearing member. Such complaints and related records must be maintained ~~in a central file at the clearing member's principal place of business.~~

955. **ASSIGNMENT AND NOTIFICATION OF EXERCISE NOTICES**

A. Each clearing member shall adopt written procedures pursuant to which it shall allocate option exercise notices in a fair and non-preferential manner.

B. Upon notification from the Exchange Clearing House of assignment of an exercise notice, the clearing member shall promptly notify the option grantor to whom the notice has been allocated.

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

956.A. Requirements

1. Power of Attorney

No clearing member shall accept or carry an account over which a person other than the account owner, exercises discretionary trading authority or control, (hereinafter referred to as a discretionary, controlled, or managed account) without first obtaining a written power of attorney, trading authorization, or similar document (hereinafter referred to as a power of attorney). Such power of attorney must be signed and dated by the account owner and clearly designate the person to whom discretionary trading authority has been granted.

The power of attorney shall remain in effect until it is terminated by a written revocation signed and dated by the account owner or by the death or incapacity of the account owner. Written revocation may also be made by the person to whom discretionary trading authority has been granted.

2. Discretionary Account Listing

A clearing member must clearly identify each discretionary trading account it carries and promptly provide the Exchange with a complete and accurate list of such accounts upon request.

956.B. Presumption of Authority

Except where specifically indicated by the phrase "discretion not exercised" written on the order ticket, and subsequently confirmed to the customer as such, every trade in a discretionary trading account shall be presumed to have been made pursuant to the power of attorney and subject to the requirements of this rule.

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~~ Each order for a discretionary account executed on the floor must be executed by a member in the pit other than the person granted discretionary trading authority over the account 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 member granted discretionary authority does not trade for his personal account or an account referred to in Rule 956.E.;~~

~~b. The member granted discretionary authority has filed with the Division of Market Regulation notice of his intention to execute orders for discretionary accounts for which he has power of attorney; and~~

~~c. Whenever the member has discretionary authority over more than one account:~~

~~1. The member shall disclose this fact to all persons having an interest in any of the discretionary accounts;~~

~~2. The member shall have a similar financial interest (including, but not limited to, equity, brokerage and performance fees) in each such account;~~

~~3. All such discretionary accounts shall be maintained with the member's qualifying clearing member; and~~

~~4. The member's qualifying clearing member shall monitor the allocation of trades among such discretionary accounts.~~

956.D. Position Limits

A person with discretionary trading authority over one or more discretionary trading accounts shall not execute or order the execution of trades for such accounts where such trades, by themselves or in addition to his personal trades, exceed the limits prescribed in these rules regarding total positions in any contract.

A husband, wife and dependent children are presumed to be a single entity and, as such, must adhere to the position limits as prescribed by the Exchange rules unless otherwise approved by Exchange staff upon written application.

956.E. Exceptions

The provisions of Sections B. and C.1. of this rule shall not apply to the following accounts:

1. Family Accounts

Accounts controlled or managed by persons for their own family, except with regard to Rule 956.D. For purposes of this rule, members of one's family shall include one's spouse, brothers, sisters, parents, child, grandparents, great-grandparents, children, grandchildren, great-grandchildren, brother, sister, aunt, uncle, nephew, niece or and in-laws.

2. Member and Proprietary Accounts

Accounts of members or proprietary accounts as defined by CFTC Regulation 1.3(y), except with regard to Rules 956.A.1. and 956.D.

956.F. Violation

Violation of this rule may be a major offense.

957. **AUTHORIZED TRADERS**

~~For an account of a corporation, partnership, trust or similar organization, a clearing member must maintain a current list of authorized traders. During Regular Trading Hours, if a floor broker authorized to act on behalf of the organization executes orders for such organization, then the floor broker may not trade for any other account unless the organization specifically authorizes such floor broker to do so. A member or clearing member may not open an account in accordance with Rule 957 to avoid the requirements within Rule 956.~~ **CONFIRMATIONS TO CUSTOMERS**

A clearing member shall confirm to the customer every transaction made for the customer no later than the following business day. Such confirmation shall be in electronic or written form and shall show the commodity bought or sold, the quantity, the price, the delivery month and, for options, strike price, put or call and expiration month.

958. **BRANCH OFFICES, GUARANTEED INTRODUCING BROKERS, AND ASSOCIATED PERSONS**

A. Each clearing member must maintain a complete and accurate list of all branch offices, guaranteed

introducing brokers, and the associated persons of the clearing member and its guaranteed introducing brokers. Such list shall be promptly provided to the Exchange upon request.

- B. Branch offices, guaranteed introducing brokers, and the associated persons of the clearing member and its guaranteed introducing brokers must comply with Exchange rules. Each associated person of the clearing member or its guaranteed introducing brokers shall be bound by Exchange rules to the same extent as if such person were a member.
- C. Each clearing member must diligently supervise its branch offices, guaranteed introducing brokers, and the associated persons of the clearing member and its guaranteed introducing brokers.
- D. Each clearing member shall be responsible for the acts or omissions of its branch offices, guaranteed introducing brokers, and the associated persons of the clearing member and its guaranteed introducing brokers. Any violation of an Exchange rule by any such person may be considered a violation by the clearing member.

~~E. Violation of this rule may be a major offense.~~

959. [RESERVED]

OMNIBUS AND CARRYING BROKER ACCOUNTS

960. OMNIBUS AND CARRYING BROKER ACCOUNTS

- A. All clearing members must maintain a complete list of all omnibus and carrying broker accounts maintained on their books. Such list shall be promptly provided to the Exchange upon request. Information for each such account must include account name, number and address, and classification of the account as either customer or house. Additionally, the identities and positions of the beneficial owners of any omnibus account must be immediately disclosed to the Exchange upon request.
- B. A clearing member carrying an omnibus account shall have the responsibility for ensuring that each person carried in the account does not exceed speculative limits unless granted an exemption pursuant to Rule 54359.
- C. Each clearing member carrying an omnibus account must at all times reflect in its records the gross long and short positions held in such omnibus account.
Prior to the first delivery day in a contract month or as otherwise required by the Clearing House, each clearing member carrying an omnibus account must maintain a complete and accurate list of the purchase and sale dates of all open positions held in such omnibus account for that contract month. Such list must be current throughout the contract month to ensure that the delivery procedure is not impaired.
- D. Each clearing member that maintains an omnibus account with another clearing member shall also bear financial responsibility to the Exchange for that omnibus account.

961.-969. [RESERVED]

FINANCIAL REQUIREMENTS AND FINANCIAL EMERGENCIES

970. FINANCIAL REQUIREMENTS

- A. Subject to exceptions granted by Exchange staff, all clearing members, including non-FCMs, must comply with the requirements set forth in CFTC Regulations 1.10, 1.12, 1.17 and 1.18. This includes, but is not limited to, the following:
 - 1. Maintenance of minimum capital requirements;
 - 2. Submission of a Form 1-FR, FOCUS Report or other requested information within the specified period of time;
 - 3. Notification requirements when a clearing member:
 - a. Fails to maintain minimum capital requirements;
 - b. Fails to maintain early warning capital requirements;
 - c. Fails to maintain current books and records; or
 - d. Determines the existence of a material inadequacy as specified in CFTC Regulation 1.16(d)(2);
 - e. Changes its fiscal year; or
 - f. Changes its public accountant;

In addition to the notifications required by CFTC regulations, all clearing members must provide

written notice to the Audit Department of the above events.

4. Completely and accurately computing and recording the balances in the net capital computation including capital requirements;
 5. Subordination agreement requirements, including the filing of such agreements; and
 6. Preparation of a monthly computation of adjusted net capital and minimum financial requirements.
- B. For non-FCMs, all filing, notification, and approval requirements set forth in CFTC Regulations 1.10, 1.12, 1.17 and 1.18 and in the rules of the Exchange must be submitted to or obtained from the Audit Department, if necessary, rather than the Commission.
- C. In conjunction with the requirements set forth in CFTC Regulations 1.10, 1.12, 1.17, and 1.18, clearing members must comply with the following requirements:
1. Submit a monthly Form 1-FR or FOCUS Report and the Exchange Supplementary Information schedule including an unaudited monthly Form 1-FR or FOCUS Report as of the clearing member's fiscal year-end, within the time requirements set forth in CFTC Regulation 1.10. A clearing member must include with its Form 1-FR or FOCUS Report a Statement of Income (loss) for the period between the date of the most recent financial statement or, at the option of the clearing member, the most recent certified financial statement filed with the Audit Department and the date for which the report is made.
 2. Submit a certified Form 1-FR or FOCUS Report as of the clearing member's fiscal year-end within the time requirements set forth in CFTC Regulation 1.10. A clearing member must include with its certified Form 1-FR or FOCUS Report, a reconciliation from the certified Form 1-FR or FOCUS Report to the monthly Form 1-FR or FOCUS Report as of the same date or a statement that no differences were noted.
 3. A clearing member for which CME is the designated self-regulatory organization may request to change their fiscal year from the Audit Department's permission to change its fiscal year. Such request will only be granted for good cause and in accordance with the requirements of CFTC Regulation 1.10(e)(42). The Audit Department's grant of the change in fiscal year will fulfill the approval requirements of CFTC Regulation 1.10(e)(42).
 4. A clearing member for which CME is the designated self-regulatory organization may request an extension of time to file a monthly Form 1-FR, monthly FOCUS Report, certified Form 1-FR or certified FOCUS Report from the Audit Department. Such extension will only be granted for good cause and in accordance with the requirements of CFTC Regulations 1.10(f) and 1.16(f). The Audit Department's grant of an extension will fulfill the approval requirements of CFTC Regulations 1.10(f) and 1.16(f).
- D. Exchange staff may prescribe additional accounting, reporting, and other financial and/or operational requirements and clearing members must comply with such requirements. All clearing members must provide notice to the Audit Department of a failure to comply with the additional accounting, reporting, financial, and/or operational requirements. The Audit Department must receive immediate written notification when a clearing member knows or should know of such failure.
- E. Financial statement filing requirements under this Rule must be met through Exchange-approved electronic transmissions, except for certified Form 1-FRs or FOCUS Reports.
- Personal Identification Numbers (PINs) must be submitted by authorized signers of the Form 1-FR or FOCUS Report. The PIN will constitute and become a substitute for the manual signature of the authorized signer to the electronically filed Form 1-FR or FOCUS Report. The PIN is a representation by the authorized signer that, to the best of his or her knowledge, all information contained in the statement being transmitted under the PIN is true, correct and complete. The unauthorized use of a PIN for electronic attestation by an unauthorized party is expressly prohibited.
- F. Exchange staff may grant exceptions to the financial and reporting requirements of Rule 970: for good cause if it is determined that such exceptions will not jeopardize the financial integrity of the Exchange.
- ~~G. Special CME Clearing Members shall be subject to reporting and minimum capital requirements established by the Exchange.~~
- ~~H. Violation of this rule may constitute a major offense.~~

971.

SEGREGATION AND SECURED REQUIREMENTS

- A. All clearing members must comply with the requirements set forth in CFTC Regulations 1.20

through 1.30, 1.32, and 30.7. This includes, but is not limited to, the following:

1. Maintaining sufficient funds in segregation or set aside in separate accounts;
 2. Computing, recording and reporting completely and accurately the balances in the:
 - a. Statement of Segregation Requirements and Funds in Segregation; and
 - b. Statement of Secured Amounts and Funds Held in Separate Accounts;
 3. Obtaining satisfactory segregation and separate account acknowledgment letters and identifying segregated and separate accounts as such; and
 4. Preparing complete and materially accurate daily segregation and secured amount computations in a timely manner.
- B. Exchange staff may prescribe additional segregation and secured amount requirements.
- C. All clearing members must provide written notice to the Audit Department of a failure to maintain sufficient funds in segregation or set aside in separate accounts. The Audit Department must receive immediate written notification when a clearing member knows or should know of such failure.

~~D. Violation of this rule may constitute a major offense.~~

972.

REDUCTIONS IN CAPITAL

A.—A clearing member must provide written notice to the Audit Department as set forth below of any substantial reduction in capital as compared to the most recent filing of a financial report.

1. If any event or series of events, including any withdrawal, advance, loan or loss would cause, on a net basis, a reduction in net capital as reported on the Form 1-FR, or in tentative net capital as reported on the FOCUS Report for broker/dealers, of 20% or more, notice must be provided within two business days of the event or series of events causing the reduction; and
2. If equity capital of the clearing member or a subsidiary or a consolidated affiliate would be withdrawn by action of a stockholder or a partner or by redemption or repurchase of shares of stock by any of the consolidated entities or through the payment of dividends or any similar distribution, or an unsecured advance or loan would be made to a stockholder, partner, sole proprietor, employee or affiliates, such that the withdrawal, advance or loan would cause, on a net basis, a reduction in excess net capital of 30% or more, notice must be provided at least two business days prior to the withdrawal, advance or loan that would cause the reduction.

The foregoing shall not apply in the case of a reduction in capital resulting from (1) the repayment or prepayment of subordinated liabilities for which notice has been given in accordance with Rule 970 or (2) any futures or securities transaction in the ordinary course of business between a clearing member and any affiliate where the clearing member makes payment to or on behalf of such affiliate for such transaction and then receives payment from such affiliate for such transaction within two business days from the date of the transaction.

~~B. Violation of this rule may constitute a major offense.~~

973.

CUSTOMER ACCOUNTS WITH THE EXCHANGE CLEARING HOUSE

All customer funds deposited with the Exchange Clearing House on behalf of customers protected by CFTC Regulation 1.20 shall be held in accordance with the Commodity Exchange Act and CFTC Regulation 1.20 in an account identified as Customer Segregated. Such customer funds shall be segregated by the Exchange Clearing House and treated as belonging to the customers of the clearing member. Pursuant to this rule, a clearing member shall satisfy the segregation acknowledgment letter requirement of CME Rule 971.A.2., the Commodity Exchange Act, and CFTC Regulation 1.20 for customer deposits held at the Exchange Clearing House.

All customer funds deposited with the Exchange Clearing House on behalf of customers protected by SEC Regulation 15c3-3 shall be held in accordance with the Securities Exchange Act of 1934 and SEC Regulation 15c3-3 in an account identified as Special Reserve Account for the Exclusive Benefit of Customers. Such customer funds shall be segregated by the Exchange Clearing House and treated as belonging to such customers of the clearing member.

974-979. [RESERVED] FAILURE TO MEET MINIMUM FINANCIAL REQUIREMENTS

If, in the opinion of the Audit Department, a clearing member fails to meet the minimum financial requirements as prescribed herein or neglects to promptly furnish a statement upon request, a recommendation may be made to the Clearing House Risk Committee to suspend the privileges of the clearing member. Upon such recommendation, the Clearing House Risk Committee shall conduct a hearing and such clearing member shall show cause why its privileges should not be suspended. Upon finding that the minimum financial requirements are being violated, the Clearing House Risk Committee

may suspend the privileges of such clearing member in accordance with the provisions of Chapter 4 of these rules. The CFTC shall be immediately notified of any clearing member which fails to meet the minimum financial requirements. Any suspended clearing member may appeal the decision of the Clearing House Risk Committee to the Board.

975. EMERGENCY FINANCIAL CONDITIONS

If the President of the Exchange or the President of the Clearing House determines that the financial or operational condition of a clearing member or one of its affiliates is such that to allow that clearing member to continue its operation would jeopardize the integrity of the Exchange, or negatively impacts the financial markets by introducing an unacceptable level of uncertainty, volatility or risk, whether or not the clearing member continues to meet the required minimum financial requirements, he may empanel the Chief Executive Officer, the President of the Exchange, Chairman of the Board, the Chairman of the Clearing House Risk Committee and the President of the Clearing House. Such panel shall be duly authorized and, upon a unanimous vote of the panel, be empowered to order (a) an immediate position limitation, (b) an immediate suspension of the clearing member, (c) that all open trades of said clearing member be for liquidation only, (d) the liquidation or transfer of all or a portion of the open positions of the clearing member, or (e) additional performance bond to be deposited with the Clearing House. The clearing member affected by action taken shall be notified and may request a hearing before the Board as provided in Rule 412. In the event of suspension, the Chief Executive Officer shall, promptly after a suspension, set the matter for hearing before the Board for final determination. To the extent that the panel orders that all open trades of a clearing member be for liquidation only, or the panel orders the liquidation or transfer of all of the open positions of a clearing member, Rule 913.B. shall apply and the clearing member shall be treated as a withdrawing clearing member.

976. SUSPENSION OF CLEARING MEMBERS

If a clearing member becomes insolvent, the clearing member must immediately notify the Exchange of such insolvency. The insolvency shall be announced by the President of the Exchange or the President of the Clearing House and thereupon such clearing member shall be deemed automatically suspended. If a member of the Clearing House becomes insolvent, or for other reasons is suspended from the Clearing House, the officers, owners or partners who are members of the Exchange may also be suspended from the Exchange.

A clearing member shall be deemed insolvent:

1. If it files a voluntary petition in bankruptcy or is adjudicated as bankrupt;
2. If it fails to fulfill or promptly adjust all of its Exchange obligations; or
3. If satisfactory proof is made to the Clearing House Risk Committee that it is unable to pay its debts as they fall due in the ordinary course of business.

A clearing member may be suspended by the Clearing House Risk Committee pursuant to Rule 403 if it fails to meet the capital requirements of the Clearing House or the CFTC, or if its financial condition, or the financial condition of one of its affiliates, is such that its continued operation would jeopardize the integrity of the Exchange. Members and clearing members suspended in accordance with this rule shall be notified and may request a hearing before the Board as provided in Rule 412.

977. SUSPENSION OF OFFICERS OR PARTNERS

Whenever an officer, owner or partner of a clearing member is suspended or expelled, the respective clearing member may be suspended or expelled for a like term. Members and clearing members affected by this rule shall be notified and may request a hearing before the Board as provided in Rule 412.

978. OPEN TRADES OF SUSPENDED CLEARING MEMBERS

When a clearing member, having open trades, is suspended or expelled, it may designate a clearing member to close out such transactions through designated personnel and in a manner acceptable to the Clearing House.

When a clearing member that has open positions, defaults to the Clearing House in the deposit of performance bonds or settlements, or is suspended for insolvency, the President of the Exchange or the President of the Clearing House, or their delegates, may appoint a clearing member to which all such open positions shall be transferred for liquidation, or may appoint a clearing member to liquidate such positions on behalf of such defaulted or suspended clearing member. If open positions are transferred, all supporting performance bond associated with the positions and any settlement payments due or collected must be delivered to the Clearing House, to be entrusted to the clearing member designated to liquidate the positions. The clearing member appointed to liquidate the positions shall have the right, under the direction of the President of the Clearing House, to buy or sell for the account of the suspended clearing member such contracts as may be necessary to clear the suspended clearing

member's contracts with the Clearing House; the clearing member shall also have the right under the direction of the President of the Clearing House to make or take delivery.

979. SUSPENDED OR EXPELLED CLEARING MEMBERS

In the event a clearing member has been suspended or expelled, the clearing member shall comply with all orders of the Board, the Clearing House Risk Committee, the President of the Clearing House, or the President of the Exchange.

In the event of refusal by a clearing member to comply with any order placed upon it, the Clearing House may take whatever means necessary to effect the order.

A clearing member or any member suspended due to a clearing member's insolvency may be reinstated upon affirmative proof to the Clearing House Risk Committee of such clearing member's financial responsibility. A member may withdraw from the clearing member and may apply for reinstatement to membership in the Exchange provided that the insolvency of the clearing member was not caused by such member's willful, reckless or unbusinesslike conduct.

RECORDS AND REPORTS

980. REQUIRED RECORDS AND REPORTS

- A. Each clearing member shall prepare, maintain and keep current those books and records required by the rules of the Exchange, the Commodity Exchange Act and the Regulations thereunder. Such books and records shall be open to inspection and promptly provided to the Exchange upon request.
- B. Each clearing member shall maintain an adequate accounting system, internal accounting controls, and procedures for safeguarding customer and firm assets as set forth in CFTC Regulation 1.16(d)(2). This includes, but is not limited to, the following:
 - 1. Preparation and maintenance of complete and accurate reconciliations for all accounts; and
 - 2. Resolution of reconciling items in a timely manner.
- C. A clearing member must file any information requested by the Exchange within the time period specified in the request.
- D. Each clearing member shall maintain at all times the ability to provide to the Exchange in an acceptable form a complete set of equity system reports (including, at a minimum, the equity run, open position listing, day trade listing, cash adjustments listing and performance bond call and debit equity listing). Such reports shall be available to the Exchange in Chicago no later than 8:00 a.m. Chicago time on the business day following the report date.
- E. Each clearing member shall maintain at all times the ability to provide to the Exchange a listing of each customer's method of access to CME markets, including front end applications and network connections.

981. ANTI-MONEY LAUNDERING

Each clearing member shall develop and implement a written anti-money laundering program approved in writing by senior management reasonably designed to achieve and monitor the clearing member's compliance with the applicable requirements of the Bank Secrecy Act (31 U.S.C. 5311, et. seq.), and the implementing regulations promulgated thereunder by the Department of the Treasury and, as applicable, the Commodity Futures Trading Commission. That anti-money laundering program shall, at a minimum,

- 1. Establish and implement policies, procedures and internal controls reasonably designed to assure compliance with the applicable provisions of the Bank Secrecy Act and the implementing regulations thereunder;
- 2. Provide for independent testing for compliance to be conducted by clearing- ~~M~~member personnel or by a qualified outside party;
- 3. Designate an individual or individuals responsible for implementing and monitoring the day-to-day operations and internal controls of the program; and
- 4. Provide ongoing training for appropriate personnel.

Clearing members must also supervise and ensure that their guaranteed introducing brokers are in compliance with the anti-money laundering provisions contained in this Rule.

~~Violation of this rule may be a major offense.~~

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:
 - 1. Monitoring the credit risks of accepting trades of specific customers.
 - 2. Monitoring the risks associated with proprietary trading.
 - 3. Limiting the impact of significant market moves through the use of tools such as stress testing or position limits.
 - 4. Maintaining the ability to monitor account activity on an intraday basis.
 - 5. Ensuring order entry systems include the ability to set automated credit controls or position limits or requiring a firm employee to enter orders.
 - 6. Defining sources of liquidity for increased settlement obligations.
- B. Additional and/or Alternative Requirements. Exchange Clearing House staff may prescribe additional and/or alternative requirements in order for clearing members to comply with this Rule.

983.

DISASTER RECOVERY AND BUSINESS CONTINUITY

All clearing members must have written disaster recovery and business continuity policies and procedures in place to ensure they are able to perform certain basic operational functions in the event of a significant internal or external interruption to their operations. 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. Clearing members must have procedures in place to allow them to continue to operate during periods of stress or to transfer accounts to another fully operational clearing member with minimal disruption to either the Exchange or their customers. In order to satisfy this requirement, clearing members must perform:
 - 1. Periodic testing of disaster recovery and business continuity plans.
 - 2. Duplication of critical systems at back up sites.
 - 3. Periodic back-up of critical information.
- B. Key Staff Contacts. Clearing members must maintain and, at the request of the Exchange, provide accurate and complete information for their key personnel. Clearing members must inform the Exchange in a timely manner whenever a change to their key personnel is made.
- C. Additional and/or Alternative Requirements. Exchange staff may prescribe additional and/or alternative requirements in order for clearing members to comply with this Rule.

(End Chapter 9)

Commodities

Chapter 51 Butter Futures

5102. FUTURES CALL

5102.G. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the Commodity Futures Trading Commission and the rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 51A Options on Butter Futures

51A01. OPTION CHARACTERISTICS

51A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other options positions exempted pursuant to Rule 54359.

Chapter 52 Milk Futures

5202. FUTURES CALL

5202.G. Exemptions

The foregoing position limits shall not apply to bona fide hedging positions meeting the requirements of Regulation 1.3(z)(1) of the Commodity Futures Trading Commission and rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 52A Options on Milk Futures

52A01. OPTION CHARACTERISTICS

52A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 52B Midsize Options on Milk Futures

52B01. OPTION CHARACTERISTICS

52B01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to option positions exempted pursuant to Rule 54359.

Chapter 54 Nonfat Dry Milk Futures

5402. FUTURES CALL

5402.G. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of

Regulation 1.3(z)(1) of the Commodity Futures Trading Commission and the Rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 54A **Options on Nonfat Dry Milk Futures**

54A01. OPTION CHARACTERISTICS

54A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359; and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 55 **Class IV Milk Futures**

5502. FUTURES CALL

5502.G. Exemptions

The foregoing position limits shall not apply to bona fide hedging positions meeting the requirements of Regulation 1.3(z)(1) of the Commodity Futures Trading Commission and rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 55A **Options on Class IV Milk Futures**

55A01. OPTION CHARACTERISTICS

55A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 56 **Cash Settled Butter Futures**

5602. FUTURES CALL

5602.G. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the Commodity Futures Trading Commission and the Rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 57 **CME Dry Whey Futures**

5702. FUTURES CALL

5702.G. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the Commodity Futures Trading Commission and the Rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 57A **Options on Dry Whey Futures**

57A01. OPTION CHARACTERISTICS

57A01.G. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 543A.59 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 101 Live Cattle Futures

10102. FUTURES CALL

10102.G. Exemptions

The foregoing position limits shall not apply to bona fide hedging positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 54359.

10104. PROCEDURES FOR TENDER, DEMAND, RETENDER, RECLAIM, AND ASSIGNMENT OF CERTIFICATES OF DELIVERY

10104.D. Retender

A clearing member representing a long that is assigned a Certificate may retender that Certificate. The following rules govern retender:

1. A Certificate may only be retendered twice. A long that has been assigned a Certificate which has been retendered twice must take delivery.
2. A Certificate that has been assigned to a Demand Notice may not be retendered.
3. A Certificate may not be retendered after the last trading day of the contract month.
4. A long assigned a Certificate must establish a short position in the delivery month and notify the Clearing House of retender by 4:30 p.m. on the business day following assignment. ~~The short position may be established for the purpose of retendering without regard to the provisions of Rule 818.~~
5. The retendering long will be assessed a retender charge of \$.01 per pound (\$400 per contract). The retender charges accrue to the Certificate and are payable to the long exercising the Certificate or to the reclaiming short.

10104.E. Reclaim

A clearing member representing a short that has tendered a Certificate may reclaim that Certificate upon the first or second retender if there is no Demand Notice issued for that Certificate.

The reclaiming short must have established a long position in the contract month and must issue a Reclaim Notice (on a form prescribed by the Clearing House) to the Clearing House by 5:00 p.m. on the day the Certificate is retendered. ~~The long position may be established for the purpose of reclaiming without regard to the provisions of Rule 818.~~

Chapter 101A Options on Live Cattle Futures

101A01. OPTION CHARACTERISTICS

101A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 102 Feeder Cattle Futures

10202. FUTURES CALL

10202.G. Exemptions

The foregoing position limits shall not apply to bona fide hedging positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 102A
Options on Feeder Cattle Futures

102A01. OPTION CHARACTERISTICS

102A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 151
Frozen Pork Bellies Futures

15102. FUTURES CALL

15102.G. Exemptions

The foregoing position limits shall not apply to bona fide hedging positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 151A
Options on Frozen Pork Bellies Futures

151A01. OPTION CHARACTERISTICS

151A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 152
Lean Hog Futures

15202. FUTURES CALL

15202.G. Exemptions

The foregoing position limits shall not apply to bona fide hedging positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 152A
Options on Lean Hog Futures

152A01. OPTION CHARACTERISTICS

152A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to option positions exempted pursuant to Rule 54359.

Chapter 201
Random Length Lumber Futures

20102. FUTURES CALL

20102.G. Exemptions

The foregoing limits shall not apply to bona fide hedging positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the Rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 201A
Options on Random Length Lumber Futures

201A01. OPTION CHARACTERISTICS

201A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 203
Northern Bleached Softwood Kraft Pulp – Europe Futures

20302. FUTURES CALL

20302.G. Exemptions

The foregoing position limits shall not apply to bona fide hedging positions meeting the requirements of the Commodity Futures Trading Commission and the rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 203A
Options on Northern Bleached Softwood Kraft Pulp – Europe Futures

203A01. OPTION CHARACTERISTICS

203A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359.A. and shall not apply to other option positions exempted pursuant to Rule 54359.

Currencies

Chapter 256 Mexican Peso Futures

25601. FUTURES CALL

25601.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 256A Options on Mexican Peso Futures

256A01. OPTION CHARACTERISTICS

256A01.G. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359. and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 257 Brazilian Real Futures

25701. FUTURES CALL

25701.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 257A Options on Brazilian Real Futures

257A01. OPTION CHARACTERISTICS

257A01.G. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 259 South African Rand Futures

25901. FUTURES CALL

25901.F. Exemptions

The foregoing spot month position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 259A Options on South African Rand Futures

259A01. OPTION CHARACTERISTICS

259A01.G. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions

defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 260 Russian Ruble Futures

26001. FUTURES CALL

26001.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 260A Options on Russian Ruble Futures

260A01. OPTION CHARACTERISTICS

260A01.G. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 266 Czech Koruna Futures

26601. FUTURES CALL

26601.F. Exemptions

The foregoing spot position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 266A Options on Czech Koruna Futures

266A01. OPTION CHARACTERISTICS

266A01.G. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 267 Hungarian Forint Futures

26701. FUTURES CALL

26701.F. Exemptions

The foregoing spot position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 267A Options on Hungarian Forint Futures

267A01. OPTION CHARACTERISTICS

267A01.G. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 268 Polish Zloty Futures

26801. FUTURES CALL

26801.F. Exemptions

The foregoing spot position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 268A Options on Polish Zloty Futures

268A01. OPTION CHARACTERISTICS

268A01.G. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 269 Israeli Shekel Futures

26901. FUTURES CALL

26901.F. Exemptions

The foregoing spot position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 269A Options of Israeli Shekel Futures

269A01. OPTION CHARACTERISTICS

269A01.G. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 270 Chinese Renminbi Futures

27001. FUTURES CALL

27001.F. Exemptions

The foregoing spot month position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 270A Options on Chinese Renminbi Futures

270A01. OPTION CHARACTERISTICS

270A01.C. Price Increments

The price of an option shall be quoted in U.S. dollars per Chinese renminbi, ~~except as provided in Rule 584 (GLOBEX Volatility Quotes)~~. Each \$.00001 per Chinese renminbi (one point x \$10 per point) shall represent \$10.00. For example, a quote of .00065 represents an option price of \$650.00 (65 points x \$10.00 per point). The minimum fluctuation shall be one point (also known as one tick). A trade may also occur at a price of \$.000005 (\$5.00, also known as one-half tick), \$.000015 (\$15.00), \$.000025 (\$25.00), \$.000035 (\$35.00), \$.000045 (\$45.00), which are less than 5 ticks of premium).

~~If options are quoted in volatility terms, the minimum fluctuation shall be 0.05 percent.~~

270A01.G. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359.A. and shall not apply to other option positions exempted pursuant to Rule 54359.

**Chapter 271
Korean Won Futures**

27101. FUTURES CALL

27101.F. Exemptions

The foregoing spot month position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

**Chapter 271A
Options on Korean Won Futures**

271A01. OPTION CHARACTERISTICS

271A01.C. Price Increments

The price of an option shall be quoted in U.S. dollars per Korean Won, ~~except as provided in Rule 584 (GLOBEX Volatility Quotes)~~. Each \$.0000001 per Korean Won (one point) shall represent \$12.50. For example, a quote of .0000063 represents an option price of \$787.50 (63 points x \$12.50 per point). The minimum fluctuation shall be one point (also known as one tick).

~~If options are quoted in volatility terms, the minimum fluctuation shall be 0.05 percent.~~

271A01.G. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359.A. and shall not apply to other option positions exempted pursuant to Rule 54359.

**Chapter 315
Euro/ Czech Koruna (Euro/ Koruna) Cross Rate Futures**

31501. FUTURES CALL

31501.H. Exemptions

The foregoing spot position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

**Chapter 315A
Options on Euro/ Czech Koruna (Euro/ Koruna) Cross Rate Futures**

315A01. OPTION CHARACTERISTICS

315A01.G. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 316

Euro/ Hungarian Forint (Euro/ Forint) Cross Rate Futures

31601. FUTURES CALL

31601.H. Exemptions

The foregoing spot position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 316A

Options on Euro/ Hungarian Forint (Euro/ Forint) Cross Rate Futures

316A01. OPTION CHARACTERISTICS

316A01.G. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 317

Euro/ Polish Zloty (Euro/ Zloty) Cross Rate Futures

31701. FUTURES CALL

31701.H. Exemptions

The foregoing spot position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 317A

Options on Euro/ Polish Zloty (Euro/ Zloty) Cross Rate Futures

317A01. OPTION CHARACTERISTICS

317A01.G. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 318

Chinese Renminbi / Euro (RMB/ Euro) Cross Rate Futures

31801. FUTURES CALL

31801.H. Exemptions

The foregoing spot position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 318A

Options on Chinese Renminbi/ Euro (RMB/ Euro) Cross Rate Futures

318A01. OPTION CHARACTERISTICS

318A01.C. Price Increments

The price of an option shall be quoted in Euro per Chinese renminbi, ~~except as provided in Rule 584 (GLOBEX Volatility Quotes)~~. Each .00001 Euro per Chinese renminbi (one point x €10.00 per point) shall represent 10 Euro. For example, a quote of .00065 represents an option price of €650.00 (65

points x €10.00 per point). The minimum fluctuation shall be one point (also known as one tick). A trade may also occur at a price of €0.000005 (€5.00, also known as one-half tick), €0.000015 (€15.00), €0.000025 (€25.00), €0.000035 (€35.00), €0.000045 (€45.00), which are less than 5 ticks of premium).

~~If options are quoted in volatility terms, the minimum fluctuation shall be 0.05 percent.~~

318A01.G. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359.A. and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 319

Chinese Renminbi/ Japanese Yen (RMB/ Japanese Yen) Cross Rate Futures

31901. FUTURES CALL

31901.H. Exemptions

The foregoing spot position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 319A

**Options on Chinese Renminbi/ Japanese Yen (RMB/ Japanese Yen)
Cross Rate Futures**

319A01. OPTION CHARACTERISTICS

319A01.C. Price Increments

The price of an option shall be quoted in Japanese yen per Chinese renminbi, ~~except as provided in Rule 584 (GLOBEX Volatility Quotes).~~ Each .001 Japanese yen per Chinese renminbi (one point x ¥1,000 per point) shall represent 1,000 Japanese yen. For example, a quote of .065 represents an option price of ¥65,000 (65 points x ¥1,000 per point). The minimum fluctuation shall be one point (also known as one tick). A trade may also occur at a price of ¥0.0005 (¥500, also known as one-half tick), ¥0.0015 (¥1,500), ¥0.0025 (¥2,500), ¥0.0035 (¥3,500), ¥0.0045 (¥4,500), which are less than 5 ticks of premium).

~~If options are quoted in volatility terms, the minimum fluctuation shall be 0.05 percent.~~

319A01.G. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359.A. and shall not apply to other option positions exempted pursuant to Rule 54359.

Equities and Other Indexes

Chapter 351

Standard and Poor's 500 Stock Price Index™ Futures

35102. FUTURES CALL

35102.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 54359, and (3) cash-substitute positions described in Rule 35106.

Chapter 351A

Options on Standard and Poor's 500 Stock Price Index™ Futures

351A01. OPTION CHARACTERISTICS

351A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 352

Nikkei Stock Average Futures

35202. FUTURES CALL

35202.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to arbitrage positions and inter-commodity spread positions subject to Rule 54359.

Chapter 352A

Options on Nikkei Stock Average Futures

352A01. OPTION CHARACTERISTICS

352A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation §1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to option positions subject to Rule 54359.

Chapter 352B

Yen Denominated Nikkei Stock Average Futures

352B02. FUTURES CALL

352B02.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to arbitrage positions and inter-commodity spread positions subject to Rule 54359.

Chapter 353

Standard and Poor's Midcap 400 Stock Price Index™ Futures

35302. FUTURES CALL

35302.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements

of Regulation §1.3(z)(1) of the CFTC and the rules of the Exchange and (2) other positions exempted pursuant to Rule 54359.

Chapter 353A

Options on Standard and Poor's Midcap 400 Stock Price Index™ Futures

353A01. OPTION CHARACTERISTICS

353A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation §1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 354

Russell 2000 Stock Price Index™ Futures

35402. FUTURES CALL

35402.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange and (2) other positions exempted pursuant to Rule 54359.

Chapter 354A

Options on Russell 2000 Stock Price Index™ Futures

354A01. OPTION CHARACTERISTICS

354A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 355

S&P 500/ CITIGROUP Growth Index Futures

35502. FUTURES CALL

35502.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange and (2) other positions exempted pursuant to Rule 54359.

Chapter 355A

Options on S&P 500® / CITIGROUP Growth Index Futures

355A01. OPTION CHARACTERISTICS

355A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 356

S&P 500/ CITIGROUP Value Index Futures

35602. FUTURES CALL

35602.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange and (2) other positions exempted pursuant to Rule 54359.

Chapter 356A
Options on S&P 500® / CITIGROUP Value Index Futures

356A01. OPTION CHARACTERISTICS

356A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 357
NASDAQ 100 Index Futures

35702.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to arbitrage positions an inter-commodity spread positions subject to Rule 54359.

Chapter 357A
Options on NASDAQ 100 Index® Futures

357A01. OPTION CHARACTERISTICS

357A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation §1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to option positions subject to Rule 54359.

Chapter 358
E-mini Standard and Poor's 500 Stock Price Index Futures

35802. FUTURES CALL

35802.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 54359, and (3) cash-substitute positions described in Rule 35806.

Chapter 358A
Options on E-mini® Standard and Poor's 500
Stock Price Index Futures

358A01. OPTION CHARACTERISTICS

358A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 359
E-mini NASDAQ 100 Index® Futures

35902. FUTURES CALL

35902.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to arbitrage positions or inter-commodity spread positions subject to Rule 54359.

Chapter 359A
Options on E-mini NASDAQ 100 Index® Futures

359A01. OPTION CHARACTERISTICS

359A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation §1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions subject to Rule 54359.

Chapter 360
E-Mini™ NASDAQ® Biotechnology Index Futures

36002. FUTURES CALL

36002.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange and (2) other positions exempted pursuant to Rule 54359.

Chapter 361
E-mini Russell 2000 Futures

36102. FUTURES CALL

36102.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 54359.

Chapter 361A
Options on E-Mini Russell 2000® Futures

361A01. OPTION CHARACTERISTICS

361A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 362
E-mini Standard and Poor's Midcap 400
Stock Price Index Futures

36202. FUTURES CALL

36202.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 54359.

Chapter 362A
Options on E-mini Standard & Poor's MidCap 400®
Stock Price Index Futures

362A01. OPTIONS CHARACTERISTICS

362A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 543-A-59 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 363

E-Mini™ S&P Asia 50 Stock Price Index Futures

36302. FUTURES CALL

36302.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to arbitrage positions and inter-commodity spread positions subject to Rule 54359.

Chapter 364

Long-Short Technology TRAKRSSM Index Futures

36402. FUTURES CALL

36402.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange and (2) other positions exempted pursuant to Rule 54359, and (3) cash-substitute positions described in Rule 36406.

Chapter 365

S&P 500/ Technology SPCTR™ Futures

36502. FUTURES CALL

36502.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to arbitrage positions and inter-commodity spread positions subject to Rule 54359.

Chapter 366

S&P 500/ Financial SPCTR™ Futures

36602. FUTURES CALL

36602.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to arbitrage positions and inter-commodity spread positions subject to Rule 54359.

Chapter 367

Rogers International CommoditySM TRAKRSSM Futures

36702. FUTURES CALL

36702.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 54359, and (3) cash-substitute positions described in Rule 36706.

Chapter 368

E-Mini S&P Smallcap 600 Index™ Futures

36802. FUTURES CALL

36802.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to arbitrage positions and inter-commodity spread positions subject to Rule 54359.

Chapter 369 LMC II TRAKRSSM Futures

36902. FUTURES CALL

36902.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 54359, and (3) cash-substitute positions described in Rule 36906.

Chapter 370 BXYSM TRAKRSSM Futures

37002. FUTURES CALL

37002.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 54359, and (3) cash-substitute positions described in Rule 37006.

Chapter 371 E-Mini Russell 1000 Stock Price Index™ Futures

37102. FUTURES CALL

37102.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange and (2) other positions exempted pursuant to Rule 54359.

Chapter 373 E-Mini MSCI EAFE Index Futures

37302. FUTURES CALL

37302.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to arbitrage positions and inter-commodity spread positions subject to Rule 54359.

Chapter 374 PIMCO® CommodityRealReturnSM DJ-AIGCISM TRAKRSSM Futures

37402. FUTURES CALL

37402.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 54359, and (3) cash-substitute positions described in Rule 37406.

CHAPTER 375
PIMCO® StocksPLUS Total ReturnSM TRAKRSSM

37502. FUTURES CALL

37502.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 54359, and (3) cash-substitute positions described in Rule 37506.

Chapter 376
Gold TRAKRSSM Futures

37602. FUTURES CALL

37602.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 54359, and (3) cash-substitute positions described in Rule 37606.

Chapter 377
E-mini NASDAQ Composite Index Futures

37702. FUTURES CALL

37702.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to arbitrage positions and inter-commodity spread positions subject to Rule 54359.

Chapter 378
CME E-mini® FTSE/Xinhua® China 25 Index Futures

37802. FUTURES CALL

37802.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to arbitrage positions and inter-commodity spread positions subject to Rule 54359.

Chapter 379
E-mini MSCI Emerging Markets Index Futures

37902. FUTURES CALL

37902.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to arbitrage positions and inter-commodity spread positions subject to Rule 54359.

Chapter 380
S&P SmallCap 600 IndexTM Futures

38002. FUTURES CALL

38002.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to arbitrage positions and inter-commodity spread positions subject to Rule 54359.

Chapter 401
S&P GSCI™ Commodity Index Futures

40102. FUTURES CALL

40102.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 54359.

Chapter 401A
Options on S&P GSCI™ Commodity Index Futures

401A01. OPTION CHARACTERISTICS

401A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 402
CME Seasonal Strip Snowfall Index Futures

40202. FUTURES CALL

40202.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 402A
Options on CME Seasonal Strip Snowfall Index Futures

402A01. OPTION CHARACTERISTICS

402A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 403
CME Degree Days Index Futures

40302. FUTURES CALL

40302.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 403A
Options on CME Degree Days Index Futures

403A01. OPTION CHARACTERISTICS

403A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 405
CME Seasonal Strip Degree Days Index Futures

40502. FUTURES CALL

40502.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 405A
Options on CME Seasonal Strip Degree Days Index Futures

405A01. OPTION CHARACTERISTICS

405A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 543A.59 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 406
CME European HDD Index Futures

40602. FUTURES CALL

40602.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 406A
Options on CME European HDD Index Futures

406A01. OPTION CHARACTERISTICS

406A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 407
CME European Seasonal Strip HDD Index Futures

40702. FUTURES CALL

40702.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 407A
Options on CME European Seasonal Strip HDD Index Futures

407A01. OPTION CHARACTERISTICS

407A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

**Chapter 408
CME European CAT Index Futures**

40802. FUTURES CALL

40802.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

**Chapter 408A
Options on CME European CAT Index Futures**

408A01. OPTION CHARACTERISTICS

408A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

**Chapter 409
CME European Seasonal CAT Strip Index Futures**

40902. FUTURES CALL

40902.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

**Chapter 409A
Options on CME European Seasonal Strip CAT Index Futures**

409A01. OPTION CHARACTERISTICS

409A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

**Chapter 411
CME Pacific Rim Index Futures**

41102. FUTURES CALL

41102.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

**Chapter 411A
Options on CME Pacific Rim Index Futures**

411A01. OPTION CHARACTERISTICS

411A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 412

CME Pacific Rim Seasonal Index Futures

41202. FUTURES CALL

41202.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 412A

Options on CME Pacific Rim Seasonal Index Futures

412A01. OPTION CHARACTERISTICS

412A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 414

Eurozone Harmonized Index of Consumer Prices (HICP) Futures

41402. FUTURES CALL

41402.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to arbitrage positions and intercommodity spread positions subject to Rule 54359.

Chapter 415

S&P GSCI™ ER Index Futures

41502. FUTURES CALL

41502.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 54359.

Chapter 416

CME Frost Days Index Futures

41602. FUTURES CALL

41602.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 416A

Options on CME Frost Days Index Futures

416A01. OPTION CHARACTERISTICS

416A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 417

CME Seasonal Frost Days Index Futures

41702. FUTURES CALL

41702.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 417A

Options on CME Seasonal Frost Days Index Futures

417A01. OPTION CHARACTERISTICS

417A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 418

CME Snowfall Index Futures

41802. FUTURES CALL

41802.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 418A

Options on CME Snowfall Index Futures

418A01. OPTION CHARACTERISTICS

418A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 419

CME Metro Area Housing Index Futures

41902. FUTURES CALL

41902.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 54359, and (3) cash-substitute positions described in Rule 41906.

Chapter 419A
Options on CME Metro Area Housing Index Futures

419A01. OPTION CHARACTERISTICS

419A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 420
CME Composite Housing Index Futures

42002. FUTURES CALL

42002.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 54359, and (3) cash-substitute positions described in Rule 42006.

Chapter 420A
Options on CME Composite Housing Index Futures

420A01. OPTION CHARACTERISTICS

420A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 543 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 421
CME Canadian Degree Days Index Futures

42102. FUTURES CALL

42102.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 421A
Options on CME Canadian Degree Days Index Futures

421A01. OPTION CHARACTERISTICS

421A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 422
CME Canadian Seasonal Strip Degree Days Index Futures

42202. FUTURES CALL

42202.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions

exempted pursuant to Rule 54359.

Chapter 422A

Options on CME Canadian Seasonal Strip Degree Day Index Futures

422A01. OPTION CHARACTERISTICS

422A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 543-A-59 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 424

CME Weekly Average Temperature Index Futures

42402. FUTURES CALL

42402.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 424A

Options on CME Weekly Average Temperature Index Futures

424A01. OPTION CHARACTERISTICS

424A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 425

CME Canadian CAT Index Futures

42502. FUTURES CALL

42502.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 425A

Options on CME Canadian CAT Index Futures

425A01. OPTION CHARACTERISTICS

425A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 426

CME Canadian Seasonal CAT Strip Index Futures

42602. FUTURES CALL

42602.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 426A

Options on CME Canadian Seasonal CAT Strip Index Futures

426A01. OPTION CHARACTERISTICS

426A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 434

SPCREX™ Index Futures

43402. FUTURES CALL

43402.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 54359, and (3) cash-substitute positions described in Rule 43406.

Chapter 434A

Options on SPCREX™ Index Futures

434A01. OPTION CHARACTERISTICS

434A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 435

CME Lehman Brothers U.S. Aggregate Index Futures Contracts

43502. FUTURES CALL

43502.F. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 54359, and (3) cash-substitute positions described in Rule 35106.

Chapter 435A

**Options on CME Lehman Brothers
U.S. Aggregate Index Futures Contracts**

435A01. OPTION CHARACTERISTICS

435A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing options positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Interest Rates

Chapter 451 13-week U.S. Treasury Bills Futures

45102. FUTURES CALL

45102.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359, except that lead month position limits shall apply to intercommodity spread positions.

Chapter 451A Options on 13-week U.S. Treasury Bills Futures

451A01. OPTION CHARACTERISTICS

451A01.C. Minimum Fluctuations

The price of an option shall be quoted in IMM Index points, ~~except as provided in Rule 584 (GLOBEX Volatility Quotes)~~. Each .01 IMM Index point (1 basis point) shall represent \$25. For example, a quote of 0.35 represents an option price of \$875 (35 basis points x \$25). The minimum fluctuation shall be .005 IMM Index points (also known as one-half tick).

~~If options are quoted in volatility terms, the minimum fluctuation shall be 0.05 percent.~~

451A01.I. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 452A Options on Three-month Eurodollar Futures

452A01. OPTION CHARACTERISTICS

452A01.C. Minimum Fluctuations

The price of an option shall be quoted in IMM Index points, ~~except as provided in Rule 584 (GLOBEX Volatility Quotes)~~. Each .01 IMM Index point (1 basis point) shall represent \$25, except for 5 Year bundle options as specified in Paragraph 3. For example, a quote of 0.35 represents an option price of \$875 (35 basis points x \$25).

1. Contract Month Whose Underlying Futures Contract is the Nearest Expiring Futures Contract Month

The minimum fluctuation shall be .0025 IMM Index point (also known as one-quarter tick).

2. All Other Contract Months

The minimum fluctuation shall be .005 IMM Index point (also known as one-half tick). Trades may also occur at a price of .0025 IMM Index point (\$6.25, also known as one-quarter tick), whether or not such trades result in the liquidation of positions for both parties to the trade.

Further, for options expiring in the nearest or second nearest March quarterly or the nearest or second nearest non-March quarterly contract months trading at a premium of no more than .05 IMM Index points, or spread and combination trades at a net premium of no more than .05 IMM Index points and consisting of options contracts involving the nearest and/or second nearest non-March quarterly months and/or the nearest and/or second nearest March quarterly months only, the options in the combination may trade in increments of .0025 IMM index points.

For the purpose of Rule 813—(Settlement Prices), the minimum fluctuation shall be .0025 IMM Index point (\$6.25, also known as one-quarter tick)

3. 5-Year Bundle Options

The minimum fluctuation shall be .005 IMM Index point (\$250, also known as one-half tick).

4. MidCurve Options

The minimum fluctuation shall be .005 IMM Index point (\$12.50, also known as one-half tick). Trades may also occur at a price of .0025 IMM Index point (\$6.25, also known as one-quarter tick), whether or

not such trades result in the liquidation of positions for both parties to the trade.

For the purpose of Rule 813—(Settlement Prices), the minimum fluctuation shall be .0025 IMM Index point (\$6.25, also known as one-quarter tick).

~~If options are quoted in volatility terms, the minimum fluctuations shall be 0.05 percent.~~

Chapter 454 CME Credit Index Event Contract

45402. FUTURES CALL

45402.G. Exemptions

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and (2) other positions exempted pursuant to Rule 54359.

Chapter 501 Three-month Euroyen Futures

50102. FUTURES CALL

50102.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.

Chapter 501A Options on Three-month Euroyen Futures

501A01. OPTION CHARACTERISTICS

501A01.I. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 54359 and shall not apply to other option positions exempted pursuant to Rule 54359.

Chapter 502 10-year Japanese Government Bond Futures

50202. FUTURES CALL

50202.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359, except that lead month position limits shall apply to intercommodity spread positions.

Chapter 503 Three-month Euroyen LIBOR Futures

50302. FUTURES CALL

50302.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 54359.



Special Executive Report

S-4630

October 25, 2007

SOLICITATION PRIVILEGES UPON CONSOLIDATION OF CME AND CBOT TRADING FLOORS

As part of CME Group's ongoing initiative to harmonize, to the extent possible, the rules and policies of the CME and CBOT, the exchanges have adopted new rules and policies regarding member solicitation privileges that will become effective upon consolidation of the CME and CBOT trading floors.

Presently, CME, IMM and IOM members on the CME trading floors have solicitation privileges in all CME products, and CBOT members on the CBOT trading floors have solicitation privileges only in those CBOT products assigned to their specific membership Series. In general, these policies will be maintained on the consolidated floor. However, in order to minimize disruptions to current CME and CBOT members' business activities, floor markets and seat markets, current members will be allowed certain cross-exchange solicitation privileges in specified products of both exchanges on the consolidated trading floor.

Solicitation Defined

For the purposes of this policy, solicitation shall include any of the following:

- 1) Being compensated for the production of orders;
- 2) Providing personal opinions regarding trading strategies or market direction for the purpose of generating interest in exchange products;
- 3) Exercising discretion with respect to any order.

Clerical activities, including the entry of non-discretionary orders and the communication of market information, shall not be considered solicitation.

Cross-Exchange Solicitation Privileges to be Grandfathered as of October 25, 2007

Certain cross-exchange solicitation privileges will be provided to Series B-1 (Full), Series B-2 (Associate), Series B-5 (COM), CME, IMM and IOM memberships that were owned or leased as of the close of business on October 25, 2007 (hereinafter referred to as "COB October 25").

Member firms will be allowed to maintain grandfathered cross-exchange solicitation privileges with respect to the portfolio of memberships owned or leased by the firm as of COB October 25. The grandfathered privileges will belong to the member firm owning or leasing the membership rather than to the individual on the membership, thereby allowing member firms to determine how best to utilize their floor staffs. Memberships purchased after COB October 25 will not have cross-exchange solicitation privileges. A member firm that terminates the lease of a membership or has its lease terminated will lose the grandfathered solicitation privileges associated with that lease unless it obtains a new lease in the same membership Series or Division within 30 days.

Each individual member who owns a membership as of COB October 25 will maintain grandfathered solicitation privileges with respect to that membership. An owner who sells a membership after COB October 25 will not be afforded grandfathered solicitation privileges with respect to any new membership

purchase, and the cross-exchange solicitation privileges cannot be transferred to the new owner of the membership. An individual lessee will maintain grandfathered solicitation privileges provided that the lease is paid for by the individual member. If the lease is being paid for by a member firm, the member firm will retain the grandfathered privileges associated with the leased membership. An individual lessee who relinquishes a current membership lease or has his lease terminated will retain grandfathered solicitation privileges only if he obtains a new lease in the same Series or Division within 30 days.

In the near future, member firms will be provided with a list of all memberships which exchange records reflect as being owned by or assigned to the member firm as of COB October 25. The list will be accompanied by a form which member firms will need to complete and return to the Shareholder Relations and Membership Services Department identifying any memberships that were being leased by the member firm as of COB October 25. The list must be returned by Friday, December 7, 2007.

Grandfathered Cross-Exchange Floor Solicitation Privileges

Subject to the grandfathering provisions described above, the following cross-exchange solicitation privileges will apply upon consolidation of the CME and CBOT trading floors:

- CME, IMM and IOM members will have solicitation privileges in all CBOT non-agricultural futures and options.
- CBOT Series B-1 (Full) and Series B-2 (Associate) members will have solicitation privileges in all CME non-commodity futures and options.
- CBOT Series B-5 (COM) members will have solicitation privileges in all CME non-commodity options.
- There will be no cross-exchange solicitation privileges for CBOT agricultural futures and agricultural options or for CME commodity futures and commodity options. Thus, in order to solicit CME commodity futures or commodity options an individual will need a CME, IMM or IOM membership. CBOT agricultural futures may be solicited by CBOT Series B-1 (Full) members, and CBOT agricultural options may be solicited by CBOT Series B-1 (Full), B-2 (Associate) and B-5 (COM) members.
- CBOT Series B-3 (GIM) and Series B-4 (IDEM) members will not have any cross-exchange solicitation privileges.
- CME GEM members will not have any cross-exchange solicitation privileges.

A Frequently Asked Questions document begins on page 3 of this Notice which provides additional information on the new cross-exchange solicitation privileges.

Questions regarding the solicitation policy should be directed to one of the following individuals:

John Curran, Managing Director, Products and Services, at 312.930.4557
Robert Krewer, Associate Director, Memberships, at 312.930.3483
Robert Sniegowski, Associate Director, Market Regulation, at 312.648.5493

**FAQ Regarding Solicitation Privileges on the
 Consolidated CME and CBOT Trading Floors**

Issued Date: October 25, 2007

1. How is "solicitation" defined in the context of CME and CBOT rules?

Solicitation shall include any of the following:

- 4) Being compensated for the production of orders;
- 5) Providing personal opinions regarding trading strategies or market direction for the purpose of generating interest in exchange products;
- 6) Exercising discretion with respect to any order.

Clerical activities, including the entry of non-discretionary orders and the communication of market information, shall not be considered solicitation.

2. If I am not on a membership with grandfathered cross-exchange solicitation privileges, what products will I be able to solicit on the combined trading floor?

	<u>CBOT Products</u>				<u>CME Products</u>			
	Agricultural Products	Financials	Index, Debt and Energy	Metals	Commodities	Interest Rates	FX	Equities
CBOT Full	✓	✓	✓	✓				
CBOT AM	Opts only	✓	✓	✓				
CBOT COM	Opts only	Opts only	Opts only	Opts only				
CBOT GIM		Futs only						
CBOT IDEM			Futs only					
CME CME					✓	✓	✓	✓
CME IMM					✓	✓	✓	✓
CME IOM					✓	✓	✓	✓
CME GEM					GEM Accessible Products only			

3. If I am on a membership with grandfathered cross-exchange solicitation privileges, what products will I be able to solicit on the combined trading floor?

	<u>CBOT Products</u>				<u>CME Products</u>			
	Agricultural Products	Financials	Index, Debt and Energy	Metals	Commodities	Interest Rates	FX	Equities
CBOT Full	✓	✓	✓	✓		✓	✓	✓
CBOT AM	Opts only	✓	✓	✓		✓	✓	✓
CBOT COM	Opts only	Opts only	Opts only	Opts only		Opts only	Opts only	Opts only
CBOT GIM		Futs only						
CBOT IDEM			Futs only					
CME CME		✓	✓	✓	✓	✓	✓	✓
CME IMM		✓	✓	✓	✓	✓	✓	✓
CME IOM		✓	✓	✓	✓	✓	✓	✓
CME GEM					GEM Accessible Products only			

4. If I am a CME member with grandfathered cross-exchange solicitation privileges currently soliciting business from the CME trading floor, how will my cross-exchange solicitation privileges differ on the combined trading floor?

With respect to solicitation of CME products, there will be no differences. However, if in addition to CME products you currently solicit in CBOT products from the CME trading floor, your cross-exchange solicitation privileges will differ slightly on the combined trading floor. Specifically, CME, IMM and IOM members (without an accompanying CBOT membership) will have the right to solicit all products, except CBOT agricultural products, from the combined trading floor.

5. If I am a CBOT member with grandfathered cross-exchange solicitation privileges currently soliciting business from the CBOT trading floor, how will my cross-exchange solicitation privileges differ on the combined trading floor?

With respect to solicitation of CBOT products, there will be no differences. However, if in addition to CBOT products you currently solicit in CME products from the CBOT trading floor, your cross-exchange solicitation privileges will differ slightly on the combined trading floor. Specifically, Full and Associate ("AM") members (without an accompanying CME membership) will have the right to solicit all products, except CME commodity products, from the combined trading floor. CBOT COM members will have solicitation privileges in all CME options products except for options on CME commodities.

6. How long will grandfathered cross-exchange floor solicitation privileges last?

Generally speaking - as long as the individual or member firm with the privileges retain their current membership status.

Individual members owning a membership as of the close of business on October 25, 2007 (hereinafter referred to as "COB October 25"), will maintain the grandfathered cross-exchange solicitation privileges at all times during which they hold such membership.

Individual members leasing a membership as of COB October 25 will maintain the grandfathered cross-exchange solicitation privileges as long as they are financially responsible for the lease payments and continue to lease their current membership. If they lose or terminate their current lease, they will have 30 days to secure a new lease in the same membership category to maintain grandfathered cross-exchange solicitation privileges on the combined trading floor.

Member firms will retain grandfathered cross-exchange solicitation privileges for each membership owned or leased by the member firm as of COB October 25 provided that the member firm maintains ownership of, or pays the lease associated with, such memberships.

7. If an individual or member firm purchases a membership after COB October 25, will the membership have grandfathered cross-exchange solicitation privileges on the combined trading floor?

No.

8. As a **lessor**, if I lease my membership to a different trader, will the new lessee have grandfathered cross-exchange solicitation privileges?

The new lessee will have grandfathered cross-exchange solicitation privileges only if the new lessee (individual or member firm employee) previously had grandfathered privileges with respect to a leased membership in the same membership category within the previous 30 days.

9. As an owner of a membership as of COB October 25, will I lose grandfathered cross-exchange solicitation privileges if my membership is being leased as of that date or if I lease my membership after that date?

No. The owner of a membership as of COB October 25 will retain the grandfathered cross-exchange solicitation privileges associated with that membership for as long as he owns the membership. An owner will permanently lose such privileges only if the membership is sold.

10. May members or member firms sell a membership, buy another membership and still maintain grandfathered cross-exchange solicitation privileges?

No. Once a membership is sold, the grandfathered cross-exchange solicitation privileges with respect to that membership will expire.

11. If I am an individual member who owns two memberships, may I sell one membership and maintain the grandfathered cross-exchange solicitation privileges with respect to the membership I retain?

Yes, provided that you were the owner of record as of COB October 25 on the membership you retain.

12. If I am **leasing a membership** and have grandfathered cross-exchange solicitation privileges, may I switch leases and maintain my grandfathered privileges?

Yes, as long as you lease a membership in the same membership category within 30 days of the date you ceased leasing your current membership.

13. If I am **leasing a membership**, do I have to register my lease in order to maintain my grandfathered cross-exchange solicitation privileges?

Member firms that are leasing memberships as of COB October 25 must register those leases with the Shareholder and Membership Services Department on the designated form by December 7, 2007 (See Questions 20 and 21).

An **individual lessee** who is leasing a membership as of COB October 25 is not required to register his current lease.

14. If I switch leases after October 25, 2007 and lease a membership in the same membership category pursuant to question 12 above, do I have to register my new lease in order to maintain my grandfathered cross-exchange solicitation privileges?

Yes. In order to maintain such privileges with respect to the new lease you must notify the Shareholder Relations and Membership Services Department at the time you obtain the new lease.

15. If I am **leasing a membership** and have grandfathered cross-exchange solicitation privileges, may I buy a membership and maintain grandfathered privileges?

No. Membership purchases after COB October 25 will not entitle the owner to grandfathered cross-exchange solicitation privileges. A lessee may only maintain grandfathered privileges after a lease is terminated if the individual leases another membership in the same membership category within 30 days of relinquishing the previous lease.

16. For the purposes of the grandfathering provisions, what organizations are considered to be **member firms**?

For the purposes of this policy, a member firm is considered to be any formally organized membership entity allowed to engage in solicitation activities on the CME or CBOT trading floor. Membership entities that are registered in a member firm category that does not permit solicitation privileges on the trading floor will not be entitled to cross-exchange solicitation privileges on the combined trading floor.

17. Are **registered CME or CBOT broker associations** considered member firms for the purposes of this policy?

No.

18. If a **member firm** owns a membership used by a firm employee and the firm employee is not currently working on the trading floor, will that membership qualify as one of the firm's memberships eligible for grandfathered cross-exchange solicitation privileges on the combined trading floor?

Yes.

The grandfathered cross-exchange solicitation privileges for member firms accrue to all memberships owned or leased by the firm as of COB October 25 regardless of whether such memberships are currently being used by the member firm for solicitation purposes on the trading floor. Member firms may transfer these memberships among firm employees without altering the grandfathered solicitation privileges attendant to the memberships. A firm will lose grandfathered cross-exchange solicitation privileges with respect to a membership owned as of COB October 25 if it sells the membership. Similarly, a member firm will lose grandfathered cross-exchange solicitation privileges with respect to memberships being leased by the firm if it terminates the

lease or has its lease terminated, unless the firm obtains a new lease in the same membership category within 30 days and provides notice of the new lease to the Shareholder Relations and Membership Services Department at the time the new lease is obtained.

19. Are memberships assigned to a member firm eligible for grandfathered cross-exchange solicitation privileges?

At CME, grandfathered cross-exchange solicitation privileges will not accrue to member firms with respect to independent membership assignments. These memberships must be held by the owner of the membership and therefore the grandfathered cross-exchange solicitation privileges will accrue to the owner of the membership.

At CME and CBOT, grandfathered cross-exchange solicitation privileges will remain with a member firm for those membership assignments where the owner of the membership maintains an acceptable proprietary interest in the member firm pursuant to the existing policies at each exchange. If the assignment is terminated, the owner of the membership will retain the grandfathered cross-exchange solicitation privileges.

20. How does a **member firm** register the memberships leased by the firm in order to maintain grandfathered cross-exchange solicitation privileges with respect to those memberships?

In the near future, member firms eligible for grandfathered cross-exchange solicitation privileges will be provided a list of all memberships which exchange records reflect as being owned by or assigned to the firm (excluding CME independent membership assignments) as of COB October 25. The list will be accompanied by a form which member firms will need to complete and return to the Shareholder Relations and Membership Services Department identifying any memberships being leased by the firm as of October 25, 2007.

21. By what date does a **member firm** need to return the form identifying its leased memberships in order to retain the grandfathered cross-exchange solicitation privileges with respect to these memberships?

The required form must be returned to the Shareholder Relations and Membership Services Department by December 7, 2007.

22. Who should I contact if I have questions regarding cross-exchange solicitation privileges on the combined CME and CBOT trading floors?

John Curran, Managing Director, Products and Services, at 312.930.4557 or john.curran@cmegroup.com

Robert Krewer, Associate Director, Memberships, at 312.930.3483 or robert.krewer@cmegroup.com

Robert Sniegowski, Associate Director, Market Regulation, at 312.648.5493 or robert.sniegowski@cmegroup.com