CME Group

Sean M. Downey
Senior Director and Associate General Counsel
Legal Department

February 27, 2013

VIA E-MAIL

Ms. Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

RE: Regulation 40.6(a) Rule Certification.
Adoption of New CME Rule 549, Revisions to CME Rules 531, 532, 533 and 539, and Issuance of Market Regulation Advisory Notices RA1301-2, RA1301-5, RA1302-5 and RA1303-5
CME/CBOT/NYMEX/COMEX Submission No. 13-060

Dear Ms. Jurgens:

Chicago Mercantile Exchange Inc. ("CME") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the adoption of new Rule 549 ("Large Order Execution Transactions ("LOX Orders")") and revisions to CME Rules 531 ("Trading Against Customers' Orders Prohibited"), 532 ("Disclosing Orders Prohibited"), 533 ("Simultaneous Buy and Sell Orders for Different Beneficial Owners") and 539 ("Prearranged, Pre-Negotiated and Noncompetitive Trades Prohibited") which are necessitated by the adoption of Rule 549. New CME Rule 549 and the revisions to CME Rules 531, 532, 533 and 539 will become effective on March 18, 2013.

CME Rule 549 is being implemented to provide an additional method for executing large orders in the trading pit and will initially be available solely with respect to options on CME Standard & Poor's 500 Stock Price Index futures orders of 1,000 or more contracts. To be eligible for execution pursuant to Rule 549, the customer must have specifically placed the order as a LOX Order (the "Initiating LOX Order"). A party receiving an Initiating LOX Order must identify a contra party to take the opposite side of the order or agree to act as the contra party to the order. As such, Rule 549 expressly permits disclosure of information concerning the Initiating LOX Orders to potential contra parties prior to the time that the Initiating LOX Order is bid or offered in the trading pit. This is a limited exception to the general prohibition in Rule 539 concerning prearrangement or pre-negotiation of pit trades.

The Initiating LOX Order and the contra party order must be for the same quantity and price. A member or member firm that receives an Initiating LOX Order and agrees to act as the contra party may do so only in accordance with the requirements of Rule 531.A. which requires that the customer has, within the last 12 months, consented in writing to allow the member or member firm to take the opposite of the customer's order.

The representation of the Initiating LOX Order to the trading pit requires that the designated limit price of the LOX Order must be above the bid (in the case of a buy order) or below the offer (in the case of a sell order) in the pit at the time the Initiating LOX Order is bid or offered. If the price of the Initiating LOX Order does not meet this requirement, it may not be announced to the pit as a LOX Order. Provided that the price of the order meets the requirement, the filling broker handling the execution must initially announce to the pit that he has a LOX Order and its full quantity, however he may not disclose the side of market of the Initiating LOX Order or the designated limit price. The filling broker must then lift any existing offers in the case of an Initiating LOX Order to buy or hit any existing bids in the case of an Initiating LOX Order to sell that better the price requirements of the Initiating LOX Order until the designated LOX limit price is reached. Once the price is reached, any remaining quantity of the Initiating

LOX Order, up to a maximum of 20% of the original quantity, will be executed by the filling broker opposite the solicited contra party at the designated LOX limit price. The filling broker must then bid or offer any quantity that remains on the Initiating LOX Order and thereafter cross any quantity not immediately taken by other members in the pit.

LOX executions must be done in the presence of and with the approval of a designated Exchange official, and the filling broker executing such transactions must ensure that any portion of the LOX Order that is crossed at the designated LOX limit price is reported to Exchange price reporting staff for entry into the Exchange Price Reporting System as a cross trade.

CME is adopting Rule 549 to provide an additional means of facilitating the execution of large orders in the pit, and allowing for the customer placing the LOX Order to realize any price improvement that members in the trading pit are willing provide. The initial 20% cross and subsequent cross are intended to provide incentives to contra parties to agree to act in that capacity with respect to the customer's LOX Order. In all cases, executions pursuant to Rule 549 must be competitive and transparent, which will be achieved by requiring that the filling broker first trade opposite any bids or offers that better the price requirements of the customer's Initiating LOX Order before any portion may be crossed opposite the contra party. In the event that the pit provides sufficient liquidity at prices that better the designated LOX limit price, the entirety of the Initiating LOX Order will be executed opposite those bids or offers and no portion will be crossed opposite the solicited contra party.

The text of Rule 549 is set forth in Exhibit A. As a result of adopting Rule 549, minor revisions to CME Rules 531, 532, 533 and 539 are necessary, all of which are set forth in Exhibit B. In order to provide the marketplace additional information on the adoption of Rule 549, CME will issue CME Market Regulation Advisory Notice RA1301-2 on February 28, 2013, which is set forth as Exhibit C. RA1301-2 provides a detailed FAQ concerning the implementation and procedures attendant to the execution of LOX Orders.

Lastly, as a result of the revisions to CME Rules 531, 532, 533 and 539, the CME, The Board of Trade of the City of Chicago, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX") (collectively, the "Exchanges") are self-certifying the February 28, 2013, issuance of CME Group Market Regulation Advisory Notices RA1301-5, RA1302-5 and RA1303-5 ("RA1301-5, RA1302-5 and RA1303-5," respectively), which are set forth in Exhibits D, E and F.

The Market Regulation Department and the Legal Department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("Act"). During the review, we have identified that the changes described in this Submission may have some bearing on the following Core Principle:

> Availability of General Information: CME Rule 549 implements a new pit trading convention that will be initially deployed solely in CME SP options. The new Rule will permit orders in excess of 1,000 contracts to be executed as Large Order executions. This Rule will require that the broker facilitating the execution identify a contra-party willing to trade at the same quantity and price as the party placing the initial LOX Order. As a result of this requirement, the Rule permits pre-execution communications in order for the party handling the initial LOX Order to identify the counterparty. As such, this is a departure from the existing prohibition concerning prearranging or pre-negotiating a trade intended for execution in the trading pit. The Rule contains restrictions on the disclosure of the information communicated during the solicitations attendant to identifying a contra party, and will initially be permissible solely in CME SP options. As the CME Market Regulation Advisory Notice concerning Rule 549 and the CME Group Market Regulation Advisory Notice concerning Rule 539 make clear, prearrangement or pre-negotiation remains prohibited with respect to all other trades intended for execution in the trading pit across the Exchanges.

> Daily Publication of Trading Information: Any portion of a LOX Order that is executed opposite the solicited contra party will be identified in the Exchange's price reporting system as a cross trade. Additionally, the volume will be included in each day's reported SP options pit volume.

> Execution of Transactions: SP options pit trades executed in accordance with Rule 549 require that the Initiating LOX Order be represented in the trading pit and executed competitively, including requiring that it be executed opposite any existing bids or offers, as applicable, that better the price requirements of the Initiating LOX Order. As such, the implementation of new CME Rule 549 remains compliant with this Core Principle.

CME certifies that new Rule 549, the revisions to Rules 532, 533 and 539 and the issuance of RA1301-2 comply with the Commodity Exchange Act ("Act") and regulations thereunder. The Exchanges certify that the issuance of RA1301-5, RA1302-5 and RA1303-5 comply with the Act and regulations thereunder. There were no opposing views to the new rule, the revised rules or the Market Regulation Advisory Notices.

The Exchanges certify that this submission has been concurrently posted on the CME Group website at http://www.cmegroup.com/market-regulation/rule-filings.html.

If you have any questions regarding this submission, please contact Robert Sniegowski, Market Regulation, at 312.341.5991 or via email at Robert.Sniegowski@cmegroup. Alternatively, you may contact me at 312.930.8167 or via email at Sean.Downey@cmegroup.com. Please reference CME/CBOT/NYMEX/COMEX Submission # 13-060 in any related correspondence.

Sincerely,

/s/ Sean Downey
Senior Director & Associate General Counsel

Attachments: Exhibit A – CME Rule 549
Exhibit B – Revisions to CME Rules 532, 533 and 539
Exhibit C – CME Market Regulation Advisory Notice RA1301-2
Exhibit D – CME Group Market Regulation Advisory Notice RA1301-5
Exhibit E – CME Group Market Regulation Advisory Notice RA1302-5
Exhibit F – CME Group Market Regulation Advisory Notice RA1303-5

EXHIBIT A
CME RULE 549

549. LARGE ORDER EXECUTION TRANSACTIONS ("LOX Orders")

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

A. A LOX Order must be for a quantity that is at or in excess of the applicable minimum quantity threshold. Orders may not be aggregated in order to achieve the minimum quantity necessary for execution as a LOX Order.

B. A member shall not execute a LOX Order for a customer unless such customer has specified that the order be executed as a LOX Order and the order ticket includes specific instructions to execute a LOX Order and the LOX limit price.

C. A LOX Order must be executed via open outcry pursuant to the requirements of this Rule.

D. Prior to bidding or offering, a member or member firm that receives a LOX Order (the "Initiating LOX Order") must either solicit a contra party to take the opposite side of the order or agree to act as the contra party to the order. In all cases, the order from the contra party must be for the same quantity as the Initiating LOX Order. A member or member firm that receives an Initiating LOX Order and agrees to act as the contra party to the Initiating LOX Order may do so only if the customer has consented in writing no more than 12 months prior to the transaction to waive the prohibition on trading against customers' orders pursuant to Rule 531.A. An Initiating LOX Order may not be bid or offered pursuant to this Rule unless the executing broker has an order from a contra party or has agreed to act as the contra party to the Initiating LOX Order, and such order is for the same quantity as the Initiating LOX Order.

E. Parties involved in the solicitation of a LOX Order shall not disclose the details of such communications to other persons, or trade or enter an order to take advantage of information conveyed during such solicitations, except to facilitate the execution of a LOX Order in accordance with this Rule.

F. In order for the Initiating LOX Order to be represented to the trading pit for execution pursuant to this Rule, the Initiating LOX Order's designated LOX limit price must be above the bid (in the case of a buy order) or below the offer (in the case of a sell order) in the pit at the time the Initiating LOX Order is bid or offered. Provided that the foregoing requirement is satisfied, the member executing the Initiating LOX Order must clearly announce to the pit 1) he seeks to execute a LOX Order and 2) the full quantity of the LOX Order. The member executing the LOX Order shall not disclose the side of market on the Initiating LOX Order or the designated LOX Order limit price.

G. The member executing the Initiating LOX Order shall lift any existing offers (in the case of an Initiating LOX Order to buy) or hit any existing bids (in the case of an Initiating LOX order to sell) that better the price requirements of the Initiating LOX Order until the designated LOX limit price is reached. Once the designated LOX limit price is reached, any remaining quantity of the Initiating LOX Order, up to a maximum of 20% of the original quantity of the Initiating LOX Order, will then be executed by the filling broker opposite the solicited contra party at the designated LOX limit price. The filling broker shall then bid or offer any quantity that remains and shall thereafter cross any quantity not immediately taken by other members in the pit. All LOX Order executions must be done in the presence of and with the approval of a designated Exchange official, and the member making such transactions must ensure that any portion of the LOX Order that is crossed at the designated LOX limit price is reported to Exchange price reporting staff for entry into the Exchange Price Reporting System.

EXHIBIT B
REVISIONS TO CME RULES 532, 533 AND 539

531. TRADING AGAINST CUSTOMERS' ORDERS PROHIBITED

531.A. General Prohibition

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

531.B. Exceptions

The foregoing restriction shall not apply to the following:

1. Transactions executed in accordance with Rule 527 to resolve bona fide outtrades or errors;
2. Transactions executed pursuant to Rule 538;
3. Block trades executed pursuant to Rule 526;
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
5. 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 traded, the member complies with the requirements set forth in Rule 533 or 549, as applicable; (ii) the member clearly identifies, by appropriate descriptive words, all such transactions, and (iii) if the transaction was pit traded, the member ensures that it is reported to Exchange price reporting staff for entry into the Exchange Price Reporting System as a cross trade.

532. DISCLOSING ORDERS PROHIBITED

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

533. SIMULTANEOUS BUY AND SELL ORDERS FOR DIFFERENT BENEFICIAL OWNERS

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

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

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

539. PREARRANGED, PRE-NEGOTIATED AND NONCOMPETITIVE TRADES PROHIBITED

539.A. General Prohibition

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

539.B. Exceptions

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

[The remainder of the rule is unchanged.]

EXHIBIT C
CME MARKET REGULATION ADVISORY NOTICE RA1301-2

MARKET REGULATION ADVISORY NOTICE

Exchange	**CME**
Subject	**Large Order Execution Transactions ("LOX Orders")** **S&P 500 Index Options**
Rule References	**Rule 549**
Advisory Date	**February 28, 2013**
Advisory Number	**CME RA1301-2**
Effective Date	**March 18, 2013**

Pending all relevant regulatory review periods, on Monday, March 18, 2013, CME will adopt new Rule 549 ("Large Order Execution Transactions") which introduces a new type of order ("LOX Order") and execution protocol designed to facilitate the execution of large orders in the trading pit. LOX Orders will be permitted exclusively in standard CME Standard & Poor's 500 Stock Price Index options ("SP options") for execution via open outcry and may be initiated only for orders of 1,000 or more contracts. For spread or combination orders, each leg must meet the 1,000 contract threshold.

LOX Orders involve pre-execution communications between two parties and allow for a minimum guaranteed cross percentage of 20% between the parties at the LOX Order price provided that the trading pit does not improve the price. Participants executing LOX Orders must adhere to the specific execution requirements established for LOX Orders as described in the rule below and in the detailed FAQ which follows.

With the sole exception of LOX Orders, pre-execution communications remain expressly prohibited in connection with all other orders entered for execution via open outcry on the trading floors.

549. LARGE ORDER EXECUTION TRANSACTIONS ("LOX Orders")

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

A. A LOX Order must be for a quantity that is at or in excess of the applicable minimum quantity threshold. Orders may not be aggregated in order to achieve the minimum quantity necessary for execution as a LOX Order.

B. A member shall not execute a LOX Order for a customer unless such customer has specified that the order be executed as a LOX Order and the order ticket includes specific instructions to execute a LOX Order and the LOX limit price.

C. A LOX Order must be executed via open outcry pursuant to the requirements of this Rule.

D. Prior to bidding or offering, a member or member firm that receives a LOX Order (the "Initiating LOX Order") must either solicit a contra party to take the opposite side of the order or agree to act as the contra party to the order. In all cases, the order from the contra party must be for the same quantity as the Initiating LOX Order. A member or member firm that receives an Initiating LOX Order and agrees to act as the contra party to the Initiating LOX Order may do so only if the customer has consented in writing no more than 12 months prior to the transaction to waive the prohibition on trading against customers' orders pursuant to Rule 531.A. An Initiating LOX Order may not be bid or offered pursuant to this Rule unless the executing broker has an order from a contra party or has agreed to act as the contra party to the Initiating LOX Order, and such order is for the same quantity as the Initiating LOX Order.

E. Parties involved in the solicitation of a LOX Order shall not disclose the details of such communications to other persons, or trade or enter an order to take advantage of information conveyed during such solicitations, except to facilitate the execution of a LOX Order in accordance with this Rule.

F. In order for the Initiating LOX Order to be represented to the trading pit for execution pursuant to this Rule, the Initiating LOX Order's designated LOX limit price must be above the bid (in the case of a buy order) or below the offer (in the case of a sell order) in the pit at the time the Initiating LOX Order is bid or offered. Provided that the foregoing requirement is satisfied, the member executing the Initiating LOX Order must clearly announce to the pit 1) he seeks to execute a LOX Order and 2) the full quantity of the LOX Order. The member executing the LOX Order shall not disclose the side of market on the Initiating LOX Order or the designated LOX Order limit price.

G. The member executing the Initiating LOX Order shall lift any existing offers (in the case of an Initiating LOX Order to buy) or hit any existing bids (in the case of an Initiating LOX order to sell) that better the price requirements of the Initiating LOX Order until the designated LOX limit price is reached. Once the designated LOX limit price is reached, any remaining quantity of the Initiating LOX Order, up to a maximum of 20% of the original quantity of the Initiating LOX Order, will then be executed by the filling broker opposite the solicited contra party at the designated LOX limit price. The filling broker shall then bid or offer any quantity that remains and shall thereafter cross any quantity not immediately taken by other members in the pit. All LOX Order executions must be done in the presence of and with the approval of a designated Exchange official, and the member making such transactions must ensure that any portion of the LOX Order that is crossed at the designated LOX limit price is reported to Exchange price reporting staff for entry into the Exchange Price Reporting System.

All LOX Orders must be executed in accordance with the requirements of Rule 549 and the additional information provided in the associated FAQ.

Questions regarding this Advisory Notice, CME Rule 549 or the attached FAQ may be directed to the following individuals in Market Regulation:

Erin Schwartz, Senior Rules & Regulatory Outreach Specialist, 312.341.3083

Robert Sniegowski, Senior Director, Rules & Regulatory Outreach, 312.341.5991

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

FAQ Related to CME Rule 549
Large Order Execution Transactions ("LOX Orders")

Q1: What is a LOX Order?

A1: A LOX Order is a type of order with a unique execution protocol that is designed to facilitate the efficient execution of large orders in the trading pit. LOX Orders, which must meet an Exchange-established minimum quantity threshold, involve pre-execution communications between two parties and allow for a minimum guaranteed cross percentage of 20% between the parties at the LOX Order price provided that trading pit does not improve the price. The specific execution protocols that must be adhered to for LOX Orders are detailed in Q7.

Q2: In what products and venues are LOX Orders permitted?

A2: Beginning on March 18, 2013, LOX Orders will be permitted exclusively in CME SP options and may be executed only in the open outcry venue during regular trading hours. LOX Orders are not permitted in SP flex options.

Q3: What is the minimum quantity threshold for an SP options LOX Order?

A3: 1,000 contracts.

Q4: May an order for an SP options spread or combination transaction be placed as a LOX Order?

A4: Yes, provided that the spread or combination transaction includes only SP options and that each leg of the spread or combination meets the 1,000-contract minimum quantity.

Q5: May any SP options order be executed as a LOX Order if the order quantity is at or above 1,000 contracts?

A5: No. Orders may be executed as LOX Orders only if specifically designated at the time of order entry as a LOX Order. The record of the order must identify the order as a LOX Order and must include the LOX limit price.

Q6: May orders for different parties be aggregated to meet the 1,000-contract minimum quantity?

A6: No. Each LOX Order execution must be for a single buyer and seller and orders may under no circumstances be aggregated together to meet the minimum quantity threshold.

Q7: What are the requirements for the handling and execution of a LOX Order?

A7: The following requirements govern the handling and execution of a LOX Order:

A. The party accepting the Initiating LOX Order must ensure that the order meets the minimum quantity requirement and must make a record of the order in accordance with CFTC Regulation 1.35 and CME Rule 536. The order must be identified as a LOX Order and include the LOX limit price.

B. Prior to an Initiating LOX Order being presented in the SP options pit, the party receiving the Initiating LOX Order must identify a contra party to take the opposite side of the order or, alternatively, agree to act as the contra party to the order. Any order received from another party agreeing to act as the contra party must also be recorded in accordance with CFTC Regulation 1.35 and CME Rule 536, and must be identified as LOX Order and include the LOX limit price.

C. In order for the Initiating LOX Order to be represented to the trading pit, the LOX limit price must be above the bid (in the case of a buy order) or below the offer (in the case of a sell order) in the pit at the time the Initiating LOX Order is presented.

D. Provided that the foregoing price requirement is satisfied, the broker must clearly announce to the pit that he seeks to execute a LOX Order and announce the full quantity of the LOX Order. The broker may not disclose the side of market of the Initiating LOX Order or the designated LOX Order limit price.

E. The member executing the Initiating LOX Order must lift any existing offers (in the case of an Initiating LOX Order to buy) or hit any existing bids (in the case of an Initiating LOX Order to sell) that better the limit price of the Initiating LOX Order.

F. If the Initiating LOX Order limit price is reached and a balance remains on the order, any remaining quantity of the Initiating LOX Order, up to a maximum of 20% of the original quantity of the Initiating LOX Order, will then be crossed by the broker opposite the solicited contra party at the designated LOX limit price.

G. The broker shall then competitively bid or offer any remaining quantity on the Initiating LOX Order at the order's limit price and shall cross any balance of the order that is not immediately taken by other members in the pit.

H. The execution must be conducted in the presence of a designated Exchange official, and the broker must ensure that any portion of the Initiating LOX Order that is crossed at the designated LOX limit price is reported to Exchange price reporting staff for entry as a cross trade in the price reporting system.

Q8: May a member or member firm agree to take the opposite side of their customer's LOX Order?

A8: Yes, but only if the customer has consented in writing no more than 12 months prior to the transaction to waive the prohibition on trading against customers' orders pursuant to Rule 531.A.

Q9: If the price of the Initiating LOX Order is not above the bid (in the case of a buy order) or below the offer (in the case of a sell order), what should the broker do?

A9: The broker should advise his customer(s) that the order is not eligible to be executed as a LOX Order given the current bid/offer in the market.

Q10: Is the party agreeing to act as the contra party to the Initiating LOX Order guaranteed to receive a fill on some portion of the order?

A10: No. If the order is able to be filled in its entirety in the market at prices better than the Initiating LOX Order's limit price, no quantity will be allocated to the party who initially agreed to facilitate the order. The party who agreed to facilitate the order is guaranteed an execution only in the event that the Initiating LOX Order limit price is reached before the order is filled in its entirety.

Q11: How does the trading pit know that a broker has a LOX Order for execution?

A11: Provided that the order is eligible for execution as a LOX Order, the member executing the order must clearly announce to the pit 1) that the order is a LOX Order and 2) the full quantity of the LOX Order. Additionally, when announced to the trading crowd, Exchange staff will turn on an indicator light to alert other members in the pit that a LOX Order is being presented.

Q12: Is a LOX Order execution identifiable in the Exchange quotations listing?

A12: The portion of LOX Order that is crossed will be reflected as a cross trade in the Exchange quotations listing.

Q13: Provide an example of the mechanics of a LOX Order execution.

A13: Lisa places a LOX Order to buy 1,000 March 2013 1325 puts with a LOX limit price of 4.00 with her broker John. John contacts Bill at ABC Trading and Bill agrees to sell 1,000 at 4.00. John calls the trading floor and places the Initiating LOX Order with Brian, his SP options floor broker, and informs him that he has identified a contra party willing to take the opposite side of Lisa's order. At the time Brian receives the order, the March 2013 1325 puts are 3.50 bid on 50 contracts and 4.50 offered on 200 contracts.

Brian announces to the pit that he has a LOX Order for 1,000 March 2013 1325 puts. Immediately thereafter, a local in the trading pit tightens the market in the 1325 puts to 3.70 bid/3.90 offered, 500 up. Brian immediately buys the 500 contracts offered at 3.90, and the best offer is now 4.00.

As the market has moved to 4.00, the designated limit price on the Initiating LOX Order, Brian executes 200 contracts as a cross trade opposite the contra party to the Initiating LOX Order, which represents 20% of the original order quantity of 1,000 contracts. Brian immediately thereafter bids at 4.00 for the balance of 300 contracts remaining on the order and nobody responds. Brian thereafter crosses the remaining 300 contracts.

Q14: In the event there is no market for the particular option or option spread or combination in the market at the time the parties agree on the price, what should the SP options broker do?

A14: In this instance, the broker would need to request a regular market in the particular option or option spread or combination. In doing so, the broker may not disclose that he is in possession of an Initiating LOX Order. He may not announce that he has a LOX Order until he confirms that the designated LOX limit price is better than the best bid or better than the best offer in the market, depending on the side of market represented by the Initiating LOX Order.

Q15: What is the Order Type Indicator ("OTI") code associated with a LOX Order?

A15: Keypunching staff must submit "X" as the OTI code for both the Initiating LOX Order and the contra party LOX Order.

Q16: Does a LOX Order elect conditional orders (e.g. stop orders, Market if Touched (MIT) orders) or otherwise affect orders in the pit?

A16: Yes. LOX Order executions are reported as part of the regular market quote stream and affect conditional orders in the same way as any other regular order.

EXHIBIT D
CME GROUP MARKET REGULATION ADVISORY NOTICE RA1301-5

MARKET REGULATION ADVISORY NOTICE

Exchange	**CME, CBOT, NYMEX & COMEX**
Subject	**Simultaneous Buy and Sell Orders for Different Beneficial Owners; Trading Against Customers' Orders Prohibited**
Rule References	**Rule 533 and Rule 531**
Advisory Date	**February 28, 2013**
Advisory Number	**CME Group RA1301-5**
Effective Date	**March 18, 2013**

This Advisory Notice supersedes CME Group Market Regulation Advisory Notice RA0911-5 issued on October 5, 2009. It is being reissued as a result of minor revisions to CME Rules 533 ("Simultaneous Buy and Sell Orders for Different Beneficial Owners") and 531 ("Trading Against Customers' Orders") and being made in connection with CME's adoption of new Rule 549 ("Large Order Executions") on March 18, 2013, pending all relevant regulatory review periods. For more information on CME Rule 549, please see today's release of CME Market Regulation Advisory Notice RA1301-2.

This Advisory Notice clarifies the proper procedures for the handling of simultaneous buy and sell orders for different beneficial owners in open outcry and electronic markets pursuant to Rules 533 and 531. The complete text of these rules begins on page 2 of this Advisory Notice.

Neither this Advisory Notice nor the rules referenced herein pertain to transactions on CME Globex that involve pre-execution communications. Pre-execution communications are addressed in each exchange's Rule 539 ("Prearranged, Pre-Negotiated and Noncompetitive Trades Prohibited") and in the Market Regulation Advisory Notice concerning Rule 539, which can be found on the Rulebook Harmonization page at the following link:

http://www.cmegroup.com/rulebook/rulebook-harmonization.html

Open Outcry Markets

Rules 533 allows for the direct crossing of buy and sell orders by a floor broker provided that the orders are for the accounts of different beneficial owners and the floor broker executing the orders first openly bids and offers the price and quantity three times in a manner that is transparent to the pit. If neither the bid nor the offer is accepted, then the floor broker may match the orders, or any remaining portion of the orders, in the presence of, and with the approval of, a Floor Operations staff member.

A floor broker may not cross an order with a trade 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 unless the customer has consented in writing within the previous 12 months to waive the application of Rule 531 ("Trading Against Customers' Orders Prohibited").

A floor broker who executes a cross trade must ensure that it is reported to Exchange price reporting staff for entry into the Price Reporting System as a cross trade. Failure to identify the transaction to Exchange price reporting staff as a cross trade shall constitute a violation of the rule.

Market participants are reminded that pre-execution communications or any other form of prearrangement are prohibited with respect to all orders entered for execution in the open outcry venue with the single exception of Standard & Poor's 500 Stock Price Index options orders ("SP options") executed pursuant to CME Rule 549. Requirements concerning the execution of SP options pursuant to CME Rule 549 are set forth in today's release of CME Market Regulation Advisory Notice RA1301-2.

Electronic Markets

In electronic markets, opposite orders for different beneficial owners that are simultaneously placed by a party with discretion over both accounts may be entered on the electronic platform provided that one order is exposed for a minimum of 5 seconds in the case of futures orders (including futures spreads) or for a minimum of 15 seconds in the case of options orders (including any spread with an option component). Similarly, 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 the other order has been entered immediately upon receipt and has been exposed 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. Orders involving pre-execution communications are separately governed by each Exchange's Rule 539 or CME Rule 549, as applicable.

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

Erin Schwartz, Senior Rules & Regulatory Outreach Specialist, 312.341.3083

Robert Sniegowski, Senior Director, Rules & Regulatory Outreach, 312.341.5991

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

Text of Rules 533 and 531

533. SIMULTANEOUS BUY AND SELL ORDERS FOR DIFFERENT BENEFICIAL OWNERS

A member who is in possession of both buy and sell orders for different beneficial owners for the same product and expiration month, and, for a put or call option, the same strike price, may execute such orders for and directly between such beneficial owners provided that in pit trading, a member executing such orders shall first bid and offer by open outcry three times at the same price, stating the number of contracts, and, thereafter, if neither the bid nor the offer is accepted, the orders may be matched in the presence, and with the approval, of a designated Exchange official. The foregoing shall not apply to LOX Orders executed in accordance with Rule 549. *[The reference to Rule 549 appears solely in CME Rule 533.]*

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

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

531. TRADING AGAINST CUSTOMERS' ORDERS PROHIBITED

531.A. General Prohibition

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

531.B. Exceptions

The foregoing restriction shall not apply to the following:

1. Transactions executed in accordance with Rule 527 to resolve bona fide outtrades or errors;
2. Transactions executed pursuant to Rule 538;
3. Block trades executed pursuant to Rule 526;
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
5. 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 traded, the member complies with the requirements set forth in Rule 533 or Rule 549 *[the reference to Rule 549 appears solely in CME Rule 531]*; (ii) the member clearly identifies, by appropriate descriptive words, all such transactions, and (iii) if the transaction was pit traded, the member ensures that it is reported to Exchange price reporting staff for entry into the Exchange Price Reporting System as a cross trade.

EXHIBIT E

MARKET REGULATION ADVISORY NOTICE
CME GROUP MARKET REGULATION ADVISORY NOTICE RA1302-5

Exchange	**CME, CBOT, NYMEX & COMEX**
Subject	**Disclosing Orders Prohibited**
Rule References	**Rule 532**
Advisory Date	**February 28, 2013**
Advisory Number	**CME Group RA1302-5**
Effective Date	**March 18, 2013**

This Advisory Notice supersedes CME & CBOT Market Regulation Advisory Notice RA0704-3 from December 3, 2007. It is being issued to reflect revisions to CME Rule 532 ("Disclosing Orders Prohibited") that will be adopted, pending all relevant regulatory review periods, on March 18, 2013, as a result of CME adopting new Rule 549 ("Large Order Executions") on that date.

Rule 532 prohibits a person from disclosing another person's order prior to the order being bid, offered or executed, except in limited circumstances. The prohibition in Rule 532 does not apply to orders executed pursuant to CME, CBOT, NYMEX and COMEX Rules 526 ("Block Trades"), 538 ("Exchange for Related Positions") and 539 ("Prearranged, Pre-Negotiated and Noncompetitive Trades Prohibited") and CME Rule 549, provided that such orders are executed pursuant to the specific requirements of those rules. Market participants must ensure that any disclosure of nonpublic order information in connection with executions made as a result of the allowable private negotiation requirements of those rules does not exceed what is allowable under the rules or any regulatory guidance provided in Market Regulation Advisory Notices specific to those rules.

In particular, market participants should review the information on disclosure of nonpublic order information set forth in the most recent Market Regulation Advisory Notices on block trades which are available on the CME Group website. Additionally, executions made pursuant to allowable pre-execution communications concerning trades on the electronic platform set forth in each exchange's Rule 539 include related prohibitions on disclosure.

All current Market Regulation Advisory Notices can be accessed at the following address:
http://www.cmegroup.com/rulebook/rulebook-harmonization.html

The entry of an order or the execution of a trade, either in the pit or on the electronic platform, based on the knowledge of an order that has not been bid or offered in the market is a violation of Rule 532.

Text of Rule 532

532. DISCLOSING ORDERS PROHIBITED

With the exception of transactions executed in accordance with the requirements of Rules 526, 538, 539 and 549 *[the reference to Rule 549 appears solely in CME Rule 532]*, 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.

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

Erin Schwartz, Senior Rules & Regulatory Outreach Specialist, 312.341.3083

Robert Sniegowski, Senior Director, Rules & Regulatory Outreach, 312.341.5991

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

EXHIBIT F
CME GROUP MARKET REGULATION ADVISORY NOTICE RA1303-5

MARKET REGULATION ADVISORY NOTICE

Exchange	**CME, CBOT, NYMEX & COMEX**
Subject	**Pre-Execution Communications**
Rule References	**Rule 539**
Advisory Date	**February 28, 2013**
Advisory Number	**CME Group RA1303-5**
Effective Date	**March 18, 2013**

This Advisory Notice supersedes CME Group Market Regulation Advisory Notice RA1106-5 issued on December 6, 2011. It is being issued to reflect revisions to Rule 539 ("Prearranged, Pre-Negotiated and Noncompetitive Trades Prohibited") that will be adopted, pending all relevant regulatory review periods, on March 18, 2013, as a result of CME adopting new Rule 549 ("Large Order Executions") on that date. CME Rule 539.B. ("Exceptions") will be modified to clarify that the general prohibition on prearranged trading does not apply to transactions executed in accordance with the requirements of CME Rule 549.

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

As a reminder, CBOT, NYMEX and COMEX rules expressly prohibit pre-execution communications in connection with pit transactions executed on the trading floor. CME rules expressly prohibit such communications except with respect to transactions executed in accordance with CME Rule 549. Additionally, CBOT rules prohibit pre-execution communications in all CBOT futures contracts and all CBOT agricultural options contracts traded on CME Globex.

General Requirements for Allowable Pre-Execution Communications on CME Globex

In products where pre-execution communications are allowed, such communications may occur only when the party for whose benefit the trade is being executed has previously consented to such communications.

Additionally, parties who have been involved in a pre-execution communication may not disclose the details of that communication to other parties, nor may a party place any order to take advantage of the information conveyed in such communications except to facilitate the trade in accordance with the rule.

All transactions arising from permitted pre-execution communications must be executed in accordance with the requirements set forth in Rule 539.C.

Pre-Execution Communications in Futures on CME Globex

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

For transactions in CME, NYMEX and COMEX futures products which involve pre-execution communications, the order of the party who initiated the pre-execution communication must be the first order entered into CME Globex. At least 5 seconds must elapse after the entry of the first order before the opposing order can be entered. No RFQ is required.

Pre-Execution Communications in Options on CME Globex

Pre-execution communications are permitted in all CME, NYMEX and COMEX options products traded on CME Globex and are permitted in CBOT Interest Rate, Ethanol and Dow options traded on CME Globex. Pre-execution communications are prohibited in all CBOT agricultural options traded on CME Globex.

Opposing buy and sell orders intended for execution pursuant to a pre-execution communication in an eligible options product (including options spreads and combinations and options/futures spreads) require the entry of an RFC order, which is an order that includes both the buy and sell orders arising from the pre-execution communication. Prior to the entry of the RFC, an RFQ must be entered into CME Globex for the relevant option or options strategy. In CME and CBOT equity and interest rate options, the RFC order must be entered no less than 5 seconds and no more than 30 seconds after the entry of the RFQ. In all other eligible options, the RFC order must be entered no less than 15 seconds and no more than 30 seconds after the entry of the RFQ.

Failure to enter the RFC order within the applicable time parameters will require a new RFQ to be entered prior to the entry of the RFC order. In all cases, the entry of the RFC order must comply with the applicable time parameters set forth in Rule 539. These requirements ensure transparency and competitive execution by requiring solicitation of interest from all market participants via an RFQ prior to submission of the RFC order.

Numerous Independent Software Vendors support RFQ and RFC functionality. For market participants using the Exchange-provided CME EOS Trader application, functionality built into the application will prevent the entry of the RFC outside of the prescribed time requirements. For example, in Standard & Poor's 500 Stock Price Index options, the system will preclude the entry of the RFC until at least 5 seconds after the entry of the associated RFQ and will also prevent the entry of the RFC if more than 30 seconds have elapsed following the entry of the RFQ. This functionality was added to facilitate compliance with the relevant entry time requirements.

Market participants engaging in pre-execution communications involving options must be able to enter the required RFQ and RFC or have another party enter the required RFQ and RFC on their behalf as it is impermissible to enter the two orders via separate entries into CME Globex and remain in compliance with Rule 539.C.

Further information on the relevant rules and requirements related to pre-execution communications is included on pages 3-6.

The text of CME, NYMEX and COMEX Rule 539 appears on page 8 and the text of CBOT Rule 539 appears on page 9 of this Advisory Notice.

1. Requirements for Pre-Execution Communications in Eligible Option Products

a) Pre-execution communications are permitted in all options products except for CBOT agricultural options.

b) Prior to the entry of orders arising from pre-execution communications, the market participant ***must*** submit an RFQ.

c) Subsequent to submitting the RFQ, the orders to be executed pursuant to such communications ***must*** be initiated by the entry of an RFC order, an order which includes both the buy and sell orders arising from the pre-execution communications.

   In CME and CBOT equity options and interest rate options, the RFC order ***must*** be entered no less than 5 seconds and no more than 30 seconds after issuing the RFQ.

In all other eligible options, the RFC order ***must*** be entered no less than 15 seconds and no more than 30 seconds after issuing the RFQ.

d) If an RFC order is not entered within 30 seconds after the RFQ, any subsequent trade to be executed pursuant to pre-execution communications must be preceded by the entry of a new RFQ and, thereafter, the RFC order must be entered in accordance with the time parameters set forth above.

2. RFC Matching Algorithm

a) **The RFC price improves both the best bid and best offer in the order book or there is no bid/offer in the order book.**

If the RFC price improves both the best bid and best offer in the order book or if there is no bid/offer in the order book, 100% of the RFC quantity will match at the RFC price immediately upon submission of the RFC.

b) **The RFC price matches or is outside the best bid or best offer in the order book.**

If the RFC price matches or is outside the best bid or offer in the market, the applicable side of the RFC order will immediately match against the orders in the book at a price better than or equal to the RFC price.

Immediately thereafter, 100% of the smaller quantity remaining on one side of the RFC will match against the order on the opposite side of the RFC at the RFC price.

Any unmatched balance on one side of the RFC will remain in the order book unless it is cancelled by the user.

3. Questions and Answers Regarding Pre-Execution Communication Requirements in Eligible Options Executed on CME Globex

a) Is a client's consent to pre-execution communications necessary?
Yes.

b) May the parties involved in pre-execution communications disclose the details of those communications to other parties?
No.

c) If a party has participated in a pre-execution communication where non-public information has been disclosed about an order or a potential order and the party does not agree to take the other side of the trade, may the party subsequently enter an order into the market to take advantage of the non-public information?
No.

d) Are there any options listed on CME Globex in which pre-execution communications are not permitted?
Yes, pre-execution communications are not permitted in CBOT agricultural options, but are permitted in all other options available for trading on CME Globex.

e) Is an RFQ required to be submitted <u>prior</u> to engaging in pre-execution communications?
No.

f) After a pre-execution communication has taken place, must an RFQ be submitted <u>prior</u> to entering a Request for Cross ("RFC") in order to proceed with the transaction?
Yes.

g) In CME and CBOT equity options and interest rate options, must the RFC be entered no less than 5 seconds and no more than 30 seconds after issuing the RFQ?
Yes.

h) In all other eligible options, must the RFC be entered no less than 15 seconds and no more than 30 seconds after issuing the RFQ?
Yes.

i) Is the price or quantity of the orders on the RFC displayed to the marketplace prior to the execution of the RFC?
No. Market participants will observe an RFQ prior to the submission of the buy and sell orders corresponding to the RFC; however the RFQ will not reflect a price or quantity.

j) Is there any information in the RFQ that identifies that a RFC may be forthcoming?
No. The RFQ is displayed in the same manner as any other RFQ.

k) If the RFC is not entered within the required time parameters after issuing the RFQ, is a new RFQ required to be issued and active for the required time parameter <u>prior</u> to entering the RFC?
Yes.

l) May an RFC be entered outside the time parameters set forth in g) and h) above after entry of the required RFQ?
No.

m) Are there any alternative methods of complying with Rule 539.C. other than through the entry of an RFQ followed by the entry of an RFC as described above?
No.

4. <u>Questions and Answers Regarding Pre-Execution Communication Requirements in Eligible Futures Products Executed on CME Globex</u>

a) Is a client's consent to pre-execution communications necessary?
Yes.

b) May the parties involved in pre-execution communications disclose the details of those communications to other parties?
No.

c) If a party has participated in a pre-execution communication where non-public information has been disclosed about an order or a potential order and the party does not agree to take the other side of the trade, may the party subsequently enter an order into the market to take advantage of the non-public information?
No.

d) Are there any futures listed on CME Globex in which pre-execution communications are <u>not</u> permitted?
Yes, pre-execution communications are <u>not</u> permitted in CBOT futures products, but are permitted in all other futures available for trading on CME Globex.

e) Is an RFQ required to be issued prior to engaging in pre-execution communications involving futures?
No.

f) If pre-execution communications have occurred in an eligible futures contract, must the order of the initiator of the pre-execution communication be entered prior to the entry of the opposing order?
Yes.

g) Must a minimum of 5 seconds elapse after the entry of the first order before the entry of the second order?
Yes.

h) Can an RFC be used to cross futures orders?
No.

5. <u>Questions and Answers Regarding Products in Which Pre-Execution Communications on CME Globex are Prohibited</u>

a) In which products are pre-execution communications prohibited?
Pre-execution communications are prohibited in all CBOT futures products and all CBOT agricultural options products.

b) If a customer has an interest in a particular transaction in these products and requests a market, how can the salesperson obtain a market for the customer?
In the open outcry venue, a market would be requested from the trading pit. In the electronic venue, the salesperson identifies the bid/offer and depth of market posted on CME Globex. If the posted bid/offer is deemed too wide or insufficiently deep, it is recommended that a Request for Quote ("RFQ") be submitted. This action will typically generate additional interest and, in the case of products supported by a market-maker program, market makers are obliged to respond to a specified percentage of RFQs.

c) What if an RFQ is submitted and there is no response or an inadequate response in terms of the tightness or depth of the market?
In this circumstance, another RFQ should be submitted. With an active RFQ, it is also permissible to contact potential counterparties (i.e. market makers), alert them to the RFQ and ask them to submit a market or to tighten/deepen the existing market. An RFQ is considered active for 60 seconds following submission. To ensure that such communications do not become prohibited pre-execution communications, only the information disclosed via the RFQ may be disclosed in such communications.

d) Is it permissible to contact other market participants to obtain general market color without violating the prohibition on pre-execution communications?
Communications to obtain general market color are permissible <u>provided there is no express or obviously implied arrangement to execute a specified trade and no non-public information is communicated regarding an order</u>.

e) If an order has been submitted on CME Globex, are there any restrictions on communicating with potential counterparties?

With a resting order exposed on CME Globex, it is permissible to contact potential counterparties to solicit interest in trading against the order. In any such communications, no non-public information (i.e. information not represented in the terms of the order exposed to the market) may be disclosed. For example, if the represented offer is for 250 contracts, it would be a violation of the rules to disclose that there are an additional 500 contracts to sell because that information has not been disclosed to the market.

6. <u>Crossing of Simultaneous Buy and Sell Orders That Do Not Involve Pre-Execution Communications and Trading Against Customer Orders on CME Globex</u>

a) What are the requirements for handling simultaneous buy and sell orders for different beneficial owners that did not involve pre-execution communications?
Independently initiated orders on opposite sides of the market for different beneficial account owners that are immediately executable against each other may be entered without delay provided that the orders did not involve pre-execution communications and that each of the orders is entered immediately upon receipt.

In accordance with Rule 533 ("Simultaneous Buy and Sell Orders for Different Beneficial Owners"), opposite orders for different beneficial accounts that are simultaneously placed by a party with discretion over both accounts may be entered provided that one order is exposed on CME Globex for a minimum of 5 seconds in the case of futures orders and a minimum of 15 seconds in the case of orders involving options.

An order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite a second order entered by the same firm only if the second order has been entered immediately upon receipt and has been exposed on CME Globex for a minimum of 5 seconds for futures orders and a minimum of 15 seconds for orders involving options.

b) Assuming there have been no pre-execution communications, is it permissible for a firm to knowingly trade for its proprietary account against a customer order entered by the firm?
Yes, provided that in accordance with Rule 531 ("Trading Against Customers' Orders Prohibited") the customer order has been entered immediately upon receipt and has first been exposed on CME Globex for a minimum of 5 seconds for futures orders and a minimum of 15 seconds for orders involving options.

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

Erin Schwartz, Senior Rules & Regulatory Outreach Specialist, 312.341.3083

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CME, NYMEX & COMEX Rule 539

PREARRANGED, PRE-NEGOTIATED AND NONCOMPETITIVE TRADES PROHIBITED

539.A. General Prohibition

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

539.B. Exceptions (CME)

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

539.B. Exceptions (NYMEX & COMEX)

The foregoing restriction shall not apply to block trades pursuant to Rule 526 and Exchange for Related Positions transactions pursuant to Rule 538.

539.C. Pre-Execution Communications Regarding Globex Trades

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

1. A party may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications.

2. Parties to pre-execution communications shall not (i) disclose to a non-party the details of such communications or (ii) enter an order to take advantage of information conveyed during such communications except in accordance with this rule.

3. In the case of futures orders, 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 a period of 5 seconds has elapsed from the time of entry of the first order.

4. In the case of options orders, subsequent to the pre-execution communication, a Request for Quote ("RFQ") for the particular option or option spread or combination must be entered into Globex. Thereafter, in equity and interest rate options, a Request for Cross ("RFC") order which contains both the buy and the sell orders must be entered into Globex no less than five (5) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. In all other options, the RFC order must be entered no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. The RFQ and the RFC order must be entered within the same trading session. Failure to enter the RFC order within 30 seconds after the entry of the RFQ will require a new RFQ to be entered prior to the entry of the RFC order, which must be entered in accordance with the time parameters described above in order to proceed with the trade.

CBOT Rule 539

PREARRANGED, PRE-NEGOTIATED AND NONCOMPETITIVE TRADES PROHIBITED

539.A. General Prohibition

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

539.B. Exceptions

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

539.C. Pre-Execution Communications Regarding Globex Trades in Interest Rate, Ethanol and Dow Options

Parties may engage in pre-execution communications with regard to Interest Rate, Ethanol and Dow options transactions executed on the Globex platform where one party wishes to be assured that a contra party will take the opposite side of the order under the following circumstances:

1. A party may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications.

2. Parties to pre-execution communications shall not (i) disclose to a non-party the details of such communications or (ii) enter an order to take advantage of information conveyed during such communications except in accordance with this rule.

3. Reserved.

4. Subsequent to the pre-execution communication, a Request for Quote ("RFQ") for the particular option or option spread or combination must be entered into Globex. Thereafter, in equity and interest rate options, a Request for Cross ("RFC") order which contains both the buy and the sell orders must be entered into Globex no less than five (5) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. In Ethanol options, the RFC order must be entered no less than fifteen (15) and no more than thirty (30) seconds after the RFQ in order to proceed with the trade. The RFQ and the RFC order must be entered within the same trading session. Failure to enter the RFC order within 30 seconds after the entry of the RFQ will require a new RFQ to be entered prior to the entry of the RFC order, which must be entered in accordance with the time parameters described above in order to proceed with the trade.