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March 5, 2009

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

**RE: CME and CBOT Rule 526 ("Block Trades") and
CBOT Rule 539 ("Prearranged, Pre-Negotiated
And Noncompetitive Trades Prohibited")
CME and CBOT Submission No. 09-035**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME") and the Chicago Board of Trade, Inc. ("CBOT") (collectively, "the Exchanges") hereby notify the Commission that they intend to implement several changes to the Exchanges' interest rate futures and options complex in order to: 1) modify certain block trade thresholds and create distinct thresholds during Regular Trading Hours (RTH), European Trading Hours (ETH) and Asian Trading Hours (ATH); 2) modify the reporting time requirements for block trades; and 3) allow for pre-execution communications with respect to CBOT interest rate options trades on CME Globex®. These changes are described in more detail below. The Exchanges intend to implement these changes on **March 30, 2009**.

Based on the upcoming changes, CME and CBOT will issue two new Market Regulation Advisory Notices: CME & CBOT RA0903-3 (Block Trades) and CME and CBOT RA0904-3 (Pre-Execution Communications). Both Advisory Notices are included in this submission.

CME & CBOT Block Trading Changes

The Exchanges evaluated market depth, distributions of order sizes and block trades for interest rate futures and options during RTH (07:00 – 16:00 Central Time), ETH (00:00 - 07:00 CT), and ATH (17:00 – 00:00 CT). Based on this analysis, the Exchanges have concluded that changes to the block trade minimums during European and Asian hours are required to make block thresholds during these time periods consistent with the market liquidity for interest rate products during these hours. The Exchanges seek to establish separate block minimums for European and Asian hours that are 50% and 25%, respectively, of the block minimums applicable during Regular Trading Hours.

The Exchanges also plan to make changes to the block trade minimum threshold requirements to reflect market liquidity and, depending on the product and time zone, the changes will result in either increases or decreases to current minimum thresholds. Please see Attachment 1 for changes to block trade minimums for CME and CBOT interest rate futures and options.

In addition, CME and CBOT wish to make the following changes to harmonize block minimum rules:

- Block trades in intra-commodity calendar spreads in CBOT swaps futures will be prohibited in order to be consistent with the existing prohibition on intra-commodity calendar spreads in CBOT Treasury futures.
- Block trades in inter-commodity futures spreads involving Fed Fund futures may be executed provided that the sum of the legs of the spread meets the larger of the threshold requirements for the underlying products. This requirement is consistent with the block trade minimums in inter-commodity futures spreads for CME short-term interest rate futures.
- Block trades in all interest rate option spreads will have one minimum for each time period with each leg of the spread required to meet the block trading threshold associated with the product with the highest minimum threshold.

Finally, on March 23, 2009, CBOT will launch trading in a new 3-Year Treasury Note futures contract. From March 23 through March 29, block trading will be available at thresholds of 5,000 during RTH and 2,500 contracts at all times outside RTH. Beginning on March 30, concurrent with the adoption of block trade minimum thresholds in interest rate products during ATH, block trading in 3-Year Treasury Note futures will be available at thresholds of 5,000 during RTH, 2,500 during ETH, and 1,250 during ATH.

The Exchanges' analysis of market depth demonstrates that liquidity during extended hours is significantly less than during RTH. The reduced liquidity during ETH and ATH makes it more difficult for market participants to hedge positions in CBOT interest rate products within a reasonable period of time. CBOT therefore intends to extend the reporting time to fifteen minutes for block trades in CBOT interest rate products during ETH and ATH. This extension will be consistent with the reporting time for Eurodollar futures and options. Please see amended CBOT Rule 526 in Attachment 2 for this change.

Conversely, the reporting time of fifteen minutes during RTH for Eurodollar products is relatively long given the more liquid market conditions during these hours. Consequently, CME intends to shorten the reporting time for Eurodollar products, as well as 3-Month OIS futures, to five minutes during RTH to make this consistent with CBOT interest rate products. Please see amended CME Rule 526 in Attachment 3 for this change.

Pre-Execution Communications in CBOT Interest Rate Options Products

CME currently allows market participants to engage in pre-execution communications with respect to electronic trading of all CME futures and options products. In CME options products, pre-execution communications must be preceded by the entry of a Request for Quote ("RFQ"). Subsequent to the RFQ, a trade intended for execution for which there has been a pre-execution communication requires the entry of an additional RFQ; thereafter, a Request for Cross ("RFC") order which contains both the buy and the sell orders must be entered no less than 15 seconds (no less than 5 seconds in CME equity index options) and no more than 30 seconds after the entry of the additional RFQ in order to proceed with the trade. RFC orders are subject to a specified matching algorithm as detailed in the Market Regulation Advisory Notice.

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Currently, CBOT does not permit pre-execution communications regarding pit or electronic trades in CBOT products. As of March 30, 2009, CBOT will adopt amendments to Rule 539 to permit pre-execution communications with respect to CBOT interest rate options products in a manner consistent with the rules for CME interest rate options. Pre-execution communications will remain prohibited in all CBOT futures contracts and all non-interest rate options contracts. Please see amended CBOT Rule 539 in Attachment 4 for changes to the rule.

The Exchanges certify that the rule changes and the Market Regulation Advisory Notices comply with the Commodity Exchange Act and regulations thereunder.

Please direct inquiries regarding this submission to Mr. James Boudreault at 312.930.3247 or james.boudreault@cmegroup.com or me at 312.648.5422. Please reference CME and CBOT Submission No. 09-035 on all future correspondence for this submission.

Sincerely,

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

attachments

Attachment 1

Table 1: Current & Proposed Block Minimums for Interest Rate Futures

Product	Regular Trading Hours (RTH)	European Trading Hours (ETH)	Asian Trading Hours (ATH)
	Current / Proposed	Current / Proposed	Current / Proposed
Treasury Bond	3,000 / Same	1,500 / Same	1,500 / 750
10-Year Treasury Note	5,000 / Same	2,500 / Same	2,500 / 1,250
5-Year Treasury Note	5,000 / Same	2,500 / Same	2,500 / 1,250
3-Year Treasury Note	5,000 / Same	2,500 / Same	2,500 / 1,250
2-Year Treasury Note	5,000 / Same	2,500 / Same	2,500 / 1,250
Eurodollars (Years 1-5)	4,000 / Same	500 / 2,000	500 / 1,000
Eurodollars (Years 6-10)*	1,000 / Same	500 / Same	500 / 250
Fed Funds	2,000 / Same	1,000 / Same	1,000 / 500
CBOT 30-Year Swap	2,000 / Same	2,000 / 1,000	2,000 / 500
CBOT 10-Year Swap	2,000 / Same	2,000 / 1,000	2,000 / 500
CBOT 7-Year Swap	2,000 / Same	2,000 / 1,000	2,000 / 500
CBOT 5-Year Swap	2,000 / Same	2,000 / 1,000	2,000 / 500
Treasury Bills	100 / Same	100 / 50	100 / 25
OIS	2,000 / Same	1,000 / Same	1,000 / 500
OIS-GE Spread	4,000 / Same	1,000 / 2,000	1,000 / Same
LIBOR	400 / Same	400 / 200	400 / 100
Euroyen	200 / Same	200 / 100	200 / 50
E-Mini Bundles	2,000 / Same	250 / 1,000	250 / 500
Mini Eurodollar Futures	40,000 / Same	5,000 / 20,000	5,000 / 10,000

*Provided a minimum of 1,000 contracts are in years 6-10.

Table 2: Current & Proposed Block Minimums for Interest Rate Options

Product	RTH	ETH	ATH
	Current / Proposed	Current / Proposed	Current / Proposed
Treasury Bond	7,500 / Same	3,750 / Same	3,750 / 1,875
10-Year Treasury Note	7,500 / Same	3,750 / Same	3,750 / 1,875
5-Year Treasury Note	7,500 / Same	3,750 / Same	3,750 / 1,875
2-Year Treasury Note	1,500 / 2,000	750 / 1,000	750 / 500
Eurodollars	4,000 / 10,000	500 / 5,000	500 / 2,500
Fed Funds	1,500 / Same	750 / Same	750 / 375

Attachment 2

(Additions are underlined.)

CBOT 526. BLOCK TRADES

The Exchange shall designate the products in which block trades shall be permitted and ~~determine the minimum quantity thresholds for such transactions, subject to the~~ provisions in Article IV, Section D(2)(e) of the Exchange's Certificate of Incorporation that are applicable to rule changes.

The following shall govern block trades:

[Sections A. – E. are unchanged.]

- 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 interest rate futures and options executed outside of Regular Trading Hours (7:00 a.m. – 4:00 p.m. Central Time, Monday – Friday on regular business days) 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.

[The remainder of the rule is unchanged.]

Attachment 3

(Additions are underlined; deletions are struck through.)

CME 526. BLOCK TRADES

The Exchange shall designate the products in which block trades shall be permitted and ~~determine the minimum quantity thresholds for such transactions. The following shall govern block trades:~~

[Sections A. – E. are unchanged.]

- 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 interest rate futures and options executed outside of Regular Trading Hours (7:00 a.m. – 4:00 p.m. Central Time, Monday – Friday on regular business days) and Eurodollar, Housing and Weather futures and options and 3-Month OIS futures 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.

[The remainder of the rule is unchanged.]

Attachment 4

(Additions are underlined; deletions are struck through.)

Appendix

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 Pre-Execution Communications Regarding Globex Trades Prohibited**

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

~~Pre-execution communications are communications between two market participants for the purpose of discerning interest in the execution of a transaction prior to the entry of an order on the Globex platform.~~

~~Pre-execution communications and transactions arising from such communications are prohibited in all products during all hours.~~

539.C. **Exceptions Pre-Execution Communications Regarding Globex Trades in Interest Rate Options**

~~The foregoing restrictions shall not apply to block trades pursuant to Rule 526 or Exchange of Futures for Related Position transactions pursuant to Rule 538.~~

Parties may engage in pre-execution communications with regard to interest rate 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. A pre-execution communication must be preceded by the submission of a Request for Quote ("RFQ").

Subsequent to such RFQ, a trade intended for execution for which there has been a pre-execution communication requires the entry of an additional RFQ; thereafter, a Request for Cross ("RFC") order which contains both the buy and the sell orders must be entered no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the additional RFQ in order to proceed with the trade. The RFQs 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 additional 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.

MARKET REGULATION ADVISORY NOTICE

Exchange	CME & CBOT
Subject	Block Trades
Rule References	Rule 526
Advisory Date	March 9, 2009
Advisory Number	CME & CBOT RA0903-3
Effective Date	March 30, 2009

This Advisory Notice supersedes CBOT Market Regulation Advisory Notice RA0801-1 issued on January 28, 2008, and reflects changes to reporting times and minimum thresholds applicable to block trades in CME and CBOT interest rate futures and options that will become effective on Monday, March 30, 2009.

Members and member firms should carefully review the information in this document and in today's release of CME Group Special Executive Report S-4828.

Changes to Reporting Time Requirements for Interest Rate Block Trades

Block trades in all interest rate products will be required to be reported within 5 minutes of execution during Regular Trading Hours ("RTH") and within 15 minutes of execution during European Trading Hours ("ETH") and Asian Trading Hours ("ATH"). **This change will require Eurodollar futures and options block trades executed during RTH to be reported in 5 minutes, a reduction from the current 15 minute reporting requirement.**

ETH, RTH and ATH are defined as follows for all interest rate futures and options:

ETH: 12:00 a.m. – 7:00 a.m. Central Time ("CT"), Monday through Friday on regular business days

RTH: 7:00 a.m. – 4:00 p.m. CT, Monday through Friday on regular business days

ATH: 4:00 p.m. – 12:00 a.m. CT, Monday through Friday on regular business days and at all times on weekends

Changes to Minimum Thresholds for Interest Rate Block Trades

With respect to RTH, the minimum threshold levels will be changed as of March 30 for the following interest rate products:

- CBOT 2-Year Treasury Note options will be increased to 2,000 contracts from 1,500 contracts
- CME Eurodollar options will be increased to 10,000 contracts from 4,000 contracts

Minimum block trade thresholds in interest rate products have been structured such that the applicable minimum threshold is greatest during RTH. Effective March 30, the thresholds applicable during ETH will be established at 50% of the RTH thresholds and the thresholds applicable during ATH will be established at 50% of the ETH thresholds. For example, the threshold for 5- and 10- Year Treasury Note options during RTH is 7,500 contracts; the ETH threshold will be 3,750 contracts and the ATH threshold will be 1,875 contracts.

A complete list of CME and CBOT products in which block trading is permitted and the relevant quantity thresholds appear in Section 10 which begins on page 6. The text of CME and CBOT Rule 526 appears in Section 12 which begins on page 9.

Block Trades in New 3-Year Treasury Note Futures

On March 23, 2009, CBOT will launch trading in a new 3-Year Treasury Note futures contract. From March 23 through March 29, block trading will be available at thresholds of 5,000 during RTH and 2,500 contracts at all times outside RTH. Beginning on March 30, concurrent with the adoption of block trade minimum thresholds in interest rate products during ATH, block trading in 3-Year Treasury Note futures will be available at thresholds of 5,000 during RTH, 2,500 during ETH and 1,250 during ATH.

1. Definition of Block Trades

Block trades are privately negotiated futures, options or combination transactions that meet certain quantity thresholds which are permitted to be executed apart from the public auction market. All block trades are subject to the conditions set forth in CME and CBOT Rule 526 ("Block Trades") and in this Advisory Notice.

2. Participation in Block Trades

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. Eligible Contract Participants generally include exchange members and member firms, broker/dealers, government entities, pension funds, commodity pools, corporations, investment companies, insurance companies, depository institutions and high net-worth individuals. Commodity trading advisors and investment advisors who are registered or exempt from registration, and foreign persons performing a similar role and subject as such to foreign regulation, may participate in block transactions provided they have total assets under management exceeding \$25 million and the block trade is suitable for their customers.

A customer order may be executed by means of a block trade only if the customer has specified that the order be executed as a block trade.

Orders may not be bunched to meet the minimum block quantity thresholds.

3. Time and Prices of Block Trades

Block trades may be executed at any time, including times during which the public auction market is closed.

Block trades must be transacted at prices that are "fair and reasonable" in light of (i) the size of the transaction, (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 futures markets, at the relevant time, and (iv) the circumstances of the markets or the parties to the block trade.

The trade price must be consistent with the minimum tick increment for the market in question. Additionally, each outright transaction and each leg of any block eligible spread or combination trade must be executed at a single price.

Block trade prices are reported independently of transaction prices in the regular market and are not included as part of the daily trading range. Block trade prices do not elect conditional orders (e.g. stop orders) or otherwise affect orders in the regular market.

4. Block Trade Minimum Quantities for Outrights, Spreads and Combinations

The block trade minimum quantity requirements for outright futures and options are set forth in the list of block trade eligible products in Section 10 beginning on page 6 of this Advisory Notice. Additional information with respect to spreads and combinations executed as blocks begins on the next page.

a) Intra-Commodity Futures Spreads and Futures Combinations

i) All Products Excluding U.S. Treasury, Interest Rate Swap and GSCI Futures

Intra-commodity futures spreads and futures combinations may be executed as block trades provided that the **sum** of the quantities of the legs meets the minimum block quantity threshold. For example, a 2,000-contract Eurodollar futures calendar spread executed during RTH hours would meet the Eurodollar futures minimum quantity requirement of 4,000 contracts.

ii) U.S. Treasury and Interest Rate Swap Futures

Intra-commodity calendar spread block trades are prohibited in CBOT U.S. Treasury futures and Interest Rate Swap futures. Parties may not execute contingent block trades in outright contracts to circumvent the prohibition on the execution of block trades in intra-commodity calendar spreads. Additionally, Tandem spreads may not be executed as block trades.

iii) GSCI Futures

In GSCI futures and GSCI Excess Return Index futures the block trade minimum is 300 contracts for each leg of the spread or combination. For example, the minimum quantity for a GSCI calendar spread would require 300 contracts in each leg of the spread for a total of 600 contracts while a GSCI futures butterfly would require a minimum volume of 1,200 contracts.

b) Inter-Commodity Futures Spreads

i) All Products Excluding Short Term Interest Rate Futures

In all products excluding Short Term Interest Rate futures, inter-commodity futures spreads may be executed as block trades provided that the quantity of **each** leg of the spread meets the **larger** of the threshold requirements for the underlying products. For example, the minimum quantity thresholds for 10-Year Notes and 30-Year Treasury Bonds during RTH are 5,000 and 3,000 contracts, respectively. Therefore, a block trade in the NOB spread (10 Year Note/30 Year Bond spread) can be executed only if the quantity of each leg is at least 5,000 contracts.

ii) Short Term Interest Rate Futures

In Short Term Interest Rate futures (Eurodollars, Eurodollar E-minis, T-Bills, OIS, One-Month Libor, Euroyen and 30-Day Fed Funds) inter-commodity futures spreads may be executed as block trades provided that the **sum** of the legs of the spread meets the **larger** of the threshold requirements for the underlying products. For example, the minimum quantity thresholds for Libor and Eurodollars during ETH are 200 and 2,000 contracts, respectively. Therefore, a block trade in the LED spread (Libor/Eurodollars) can be executed provided that the sum of the legs is 2,000 contracts.

c) Intra-Commodity Option Spreads and Combinations

Intra-commodity option spreads and combinations may be executed as block trades provided that the quantity of **each leg** of the spread meets the designated minimum quantity threshold.

d) Inter-Commodity Option Spreads and Combinations

Inter-commodity option spreads and combinations may be executed as block trades provided that the quantity of **each leg** of the spread meets the **larger** of the threshold requirements for the underlying products.

e) Options/Futures Spreads

In general, options/futures spreads may be executed as block trades provided that the options component of the spread meets the minimum quantity threshold for the outright option or option combination and the quantity of futures executed is consistent with the delta of the options component of the spread. An exception applies to Weather, Real Estate and Non-Farm Payroll options/futures spreads, where the legs of the spread may be summed to meet the 20-contract minimum threshold.

5. Block Trade Reporting Requirements

a) Time Requirements

i) Interest Rate Block Trades

Block trades must be reported to the exchange by the seller within **five minutes** of the transaction for block trades executed during RTH and within **fifteen minutes** of the transaction for block trades executed during ETH and ATH.

ii) Other Block Trades Excluding Interest Rates, Weather and Housing Block Trades

Block trades must be reported to the exchange by the seller within **five minutes** of the transaction.

iii) Weather and Housing Block Trades

Block trades must be reported to the exchange by seller within **fifteen minutes** of the transaction.

b) Reporting Methods

Block trades must be reported to the exchange via one of the methods described below.

i) Globex Control Center ("GCC")

All block trades (except for block trades in Weather futures and options executed between 8:00 a.m. and 3:30 p.m. Chicago time, Monday – Friday on regular business days – see subsection iv on the next page) may be reported to the GCC. The seller reports the trade by calling the GCC at **312.456.2391**. When the GCC is closed – for example, during the weekend – the block trade must be reported no later than five minutes prior to the opening of the next electronic trading session for that product.

ii) CME ClearPort Clearing

Block trades may be electronically reported directly to CME Clearing via CME ClearPort Clearing. For information on reporting block trades through CME ClearPort Clearing, please contact customer service at 1.800.438.8616 or via email at ClearPortGroup@cmegroup.com.

iii) CME Clearing360 Trade Reporter

Block trades may be electronically reported directly to CME Clearing via CME Clearing360 Trade Reporter, available through the CME EOS Trader web-based front end. For additional information on reporting block trades via CME Clearing360 Trade Reporter, please visit <http://cmegroup.com/clearing/trading-practices/cme-clearing360-tradereporter.html> or contact CME Clearing Customer Support at 312.207.2525 or via email at CCS@cmegroup.com.

iv) Weather Blocks on CME Clearing360 via Pivot Instant Markets

Block trades in Weather futures and options may be electronically reported directly to CME Clearing360 via Pivot Instant Markets by eligible inter-dealer brokers. For additional information on reporting block trades via Pivot Instant Markets, please contact Angie DiCarlo, Associate Director, CME Group Alternative Investments at 312.930.4515 or via email at Angie.DiCarlo@cmegroup.com.

v) Weather Block Trades Executed Between 8:00 a.m. and 3:30 p.m.

Block trades in Weather futures and options executed between 8:00 a.m. and 3:30 p.m. Chicago time, Monday – Friday on regular business days should be reported to exchange staff by calling 312.648.3935 or 312.648.3936.

When reporting a block trade, the following information will be required:

- Name and phone number of the clearing firm representative reporting the trade (unless the block trade is electronically reported);
- Buyer's clearing firm and seller's clearing firm;
- Contract, contract month and contract year for futures;
- Contract, contract month, contract year, strike price and put or call designation for standard options, as well as the expiration date and exercise style for flex options;
- Quantity of the trade or, for spreads and combinations, the quantity of each leg of the trade;
- Price of the trade or, for spreads and combinations, the price of each leg of the trade; and
- Execution time (in Central Time) of the trade (i.e. the time at which the trade was consummated).

6. Block Trade Submission Requirements to CME Clearing

Block trades must be submitted for clearing through the front-end clearing UI via the portal under BLOCK entry. Block trades are entered by both the buyer's and seller's clearing firm and go through a two-sided match process. Upon entry, confirmation records will be routed back to the firms for bookkeeping purposes. When reporting spread or combination transactions, each leg must be entered individually.

The execution time is required to be entered and must be the actual time at which the transaction was consummated by the two parties, not the time at which the trade is reported by the parties to their respective firms. Thus, if the clearing member has not acted as either principal or agent in the transaction, it must ensure that its customer provides an accurate execution time.

A block trade in a block-eligible option may be executed up to and including the day on which an option contract expires for purposes of offsetting an open option position. The offsetting block trade must be reported to the GCC pursuant to the requirements of section 4 above, and the offset must be reported to CME Clearing no later than the Position Change Submission ("PCS") deadline on the day on which the option contract expires. The current PCS deadline is 7:30 p.m.

7. Block Trade Recordkeeping

Complete order records for block trades must be created and maintained, just as with any other transaction. However, as noted above, the time of execution of the block trade must also be recorded.

8. Dissemination of Block Trade Information

The date, execution time, contract details, price and quantity of block trades are reported upon receipt of the block information by GCC. Block trade information is reported on the MerQuote system and may be accessed by entering the code "BLK". The information will also be displayed on [cmegroup.com](http://www.cmegroup.com) at the following link: <http://www.cmegroup.com/tools-information/blocktrades.html>. Block trade information is also displayed on the trading floor.

Block trade prices are published separately from transactions in the regular market.

Block trade volume is also included with other privately negotiated transactions in the daily volume reports published by the exchange.

9. Pre-Execution Communications

The prohibition on prearranged trading and the requirements related to pre-execution communications with respect to certain Globex trades set forth in Rule 539 do not apply to block trades.

10. CME & CBOT Block Trade-Eligible Products

For purposes of the interest rate products in the tables, the following times apply:

ETH: 12:00 a.m. – 7:00 a.m. CT, Monday through Friday on regular business days

RTH: 7:00 a.m. – 4:00 p.m. CT, Monday through Friday on regular business days

ATH: 4:00 p.m. – 12:00 a.m. CT, Monday through Friday on regular business days and at all times on weekends

CME Products	Futures	Options	Flex Options
Eurodollars (RTH)	4,000 contracts - or 1,000 contracts provided that a minimum of 1,000 contracts are transacted in yrs 6-10	10,000 contracts	Not Available
Eurodollars (ETH)	2,000 contracts – or 500 contracts provided that a minimum of 500 contracts are transacted in yrs 6-10	5,000 contracts	Not Available
Eurodollars (ATH)	1,000 contracts – or 250 contracts provided that a minimum of 250 contracts are transacted in yrs 6-10	2,500 contracts	Not Available
Eurodollar 5-Year E-mini Bundles (RTH)	2,000 contracts	Not available	Not available
Eurodollar 5-Year E-mini Bundles (ETH)	1,000 contracts	Not available	Not available
Eurodollar 5-Year E-mini Bundles (ATH)	500 contracts	Not available	Not available
Eurodollar E-mini futures (RTH)	40,000 contracts	Not available	Not available
Eurodollar E-mini futures (ETH)	20,000 contracts	Not available	Not available
Eurodollar E-mini futures (ATH)	10,000 contracts	Not available	Not available
3-Month Overnight Index Swaps (OIS)(RTH)	2,000 contracts	Not available	Not available
3-Month Overnight Index Swaps (OIS)(ETH)	1,000 contracts	Not available	Not available
3-Month Overnight Index Swaps (OIS)(ATH)	500 contracts	Not available	Not available
3-Month OIS/Eurodollar spread (RTH)	4,000 contracts (all legs combined)	Not available	Not available
3-Month OIS/Eurodollar spread (ETH)	2,000 contracts (all legs combined)	Not available	Not available
3-Month OIS/Eurodollar spread (ATH)	1,000 contracts (all legs combined)	Not available	Not available
T-Bills (RTH)	100 contracts	100 contracts	Not available
T-Bills (ETH)	50 contracts	50 contracts	Not available

CME Products	Futures	Options	Flex Options
T-Bills (ATH)	25 contracts	25 contracts	Not available
Euroyen (RTH)	200 contracts	200 contracts	Not available
Euroyen (ETH)	100 contracts	100 contracts	Not available
Euroyen (ATH)	50 contracts	50 contracts	Not available
One-Month Libor (RTH)	400 contracts	400 contracts	Not available
One-Month Libor (ETH)	200 contracts	200 contracts	Not available
One-Month Libor (ATH)	100 contracts	100 contracts	Not available
Barclays Capital U.S. Aggregate Bond Index	50 contracts	Not available	Not available
Eurozone Harmonized Index of Consumer Prices (HICP)	50 contracts	Not available	Not available
S&P 500*	Not available	250 contracts	250 contracts
NASDAQ-100*	200 contracts - outright only	100 contracts	100 contracts
S&P SmallCap 600, E-mini S&P SmallCap 600, E-mini MSCI EAFE, E-mini MSCI Emerging Markets, E-mini NASDAQ Composite Index, E-mini FTSE/Xinhua China 25, E-mini S&P Asia 50	50 contracts	Not available	Not available
TRAKRS Indexes	100,000 contracts	Not available	Not available
S&P Technology SPCTR, S&P Financial SPCTR	200 contracts	Not available	Not available
S&P MidCap 400 *, S&P 500/Citigroup Growth, S&P 500/Citigroup Value, Nikkei 225	50 contracts	250 contracts	250 contracts
Goldman Sachs Commodity Index (GSCI), GSCI Excess Return Index	50 contracts for outright – 300 contracts for each leg of a spread transaction	Not available	Not available
EUR/USD*, JPY/USD*	150 contracts	250 contracts	Not available
AUD/USD, CAD/USD, CHF/USD, GBP/USD, MXN/USD	100 contracts	250 contracts	Not available
CME\$INDEX, EUR/GBP, EUR/CHF, EUR/JPY, NZD/USD, BRL/USD, CZK/USD, CZK/EUR, HUF/EUR, HUF/USD, ILS/USD, KRW/USD, PLN/USD, PLN/EUR, RMB/USD, RMB/EUR, RMB/JPY, RUB/USD, ZAR/USD, USD/TRY, EUR/TRY	50 contracts	250 contracts	Not available
AUD/CAD, AUD/JPY, AUD/NZD, CAD/JPY, CHF/JPY, EUR/AUD, EUR/CAD, EUR/NOK, EUR/SEK, GBP/JPY, GBP/CHF, NOK/USD, SEK/USD	50 contracts	Not available	Not available
Weather	20 contracts	20 contracts	Not available
Wood Pulp	25 contracts	25 contracts	Not available
Housing	20 contracts	20 contracts	Not available
Nonfarm Payroll	20 contracts	20 contracts	Not available

* NOT applicable to E-mini FX or E-mini equity indexes except those listed above.

CBOT Products	Futures	Options	Flex Options
2-Year Treasury Notes (RTH)	5,000 contracts*	2,000 contracts	Same as Non-Flex Options
2-Year Treasury Notes (ETH)	2,500 contracts*	1,000 contracts	Same as Non-Flex Options
2-Year Treasury Notes (ATH)	1,250 contracts*	500 contracts	Same as Non-Flex Options
3-Year Treasury Notes (RTH)	5,000 contracts*	Not available	Not available
3-Year Treasury Notes (ETH)	2,500 contracts*	Not available	Not available
3-Year Treasury Notes (ATH)	1,250 contracts*	Not available	Not available
5- and 10-Year Treasury Notes (RTH)	5,000 contracts*	7,500 contracts	Same as Non-Flex Options
5- and 10-Year Treasury Notes (ETH)	2,500 contracts*	3,750 contracts	Same as Non-Flex Options
5- and 10-Year Treasury Notes (ATH)	1,250 contracts*	1,875 contracts	Same as Non-Flex Options
30-Year Treasury Bonds (RTH)	3,000 contracts*	7,500 contracts	Same as Non-Flex Options
30-Year Treasury Bonds (ETH)	1,500 contracts*	3,750 contracts	Same as Non-Flex Options
30-Year Treasury Bonds (ATH)	750 contracts*	1,875 contracts	Same as Non-Flex Options
30-Day Fed Funds (RTH)	2,000 contracts	1,500 contracts	Same as Non-Flex Options
30-Day Fed Funds (ETH)	1,000 contracts	750 contracts	Same as Non-Flex Options
30-Day Fed Funds (ATH)	500 contracts	375 contracts	Same as Non-Flex Options
5-, 7-, 10- and 30-Year Interest Rate Swaps (RTH)	2,000 contracts	Not available	Not available
5-, 7-, 10- and 30-Year Interest Rate Swaps (ETH)	1,000 contracts	Not available	Not available
5-, 7-, 10- and 30-Year Interest Rate Swaps (ATH)	500 contracts	Not available	Not available

CBOT Products	Futures	Options	Flex Options
Dow Jones-AIG Commodity Index Excess Return	300 contracts	Not available	Not available
Ethanol	10 contracts	10 contracts	Not available

* Block trading of intra-commodity Treasury and Interest Rate Swap futures calendar spreads is prohibited.

11. Contact Information

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

Market Regulation:	Kathleen Zaino, Associate Director William Coyle, Investigator	312.435.3577 312.435.3596
CME Clearing:	CME Clearing Support	312.207.2525

12. Text of CME & CBOT Rule 526

Rule 526 BLOCK TRADES

The Exchange shall designate the products in which block trades shall be permitted and determine the minimum quantity thresholds for 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 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. **CME** - 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 interest rate futures and options executed outside of Regular Trading Hours (7:00 a.m. – 4:00 p.m. Central Time, Monday – Friday on regular business days) and 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.

- F. CBOT - 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 interest rate futures and options executed outside of Regular Trading Hours (7:00 a.m. – 4:00 p.m. Central Time, Monday – Friday on regular business days) 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 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.

MARKET REGULATION ADVISORY NOTICE

Exchange	CME & CBOT
Subject	Pre-Execution Communications
Rule References	Rule 539
Advisory Date	March 9, 2009
Advisory Number	CME & CBOT RA0904-3
Effective Date	March 30, 2009

CBOT TO PERMIT PRE-EXECUTION COMMUNICATIONS FOR INTEREST RATE OPTIONS TRADES ON CME GLOBEX, EFFECTIVE MARCH 30, 2009

This Advisory Notice supersedes CME Market Regulation Advisory Notice RA0802-2 from May 11, 2008, and CBOT Market Regulation Advisory Notice RA0814-1 from September 8, 2008. It is being reissued based on changes to CBOT Rule 539 being implemented on March 30, 2009, which will permit pre-execution communications with respect to CBOT interest rate options trades executed on CME Globex.

Pre-execution communications are permitted in all CME products traded on CME Globex pursuant to the requirements of CME Rule 539.C. ("Pre-Execution Communications Regarding Globex Trades"), and, effective March 30, will be permitted in CBOT interest rate options products traded on Globex pursuant to the requirements of CBOT Rule 539.C. ("Pre-Execution Communications Regarding Globex Trades in Interest Rate Options").

CBOT Rule 539 will continue to prohibit pre-execution communications in all CBOT futures products and all non-interest rate options products trading on CME Globex. Additionally, both CME and CBOT Rule 539 expressly prohibit pre-execution communications in connection with pit transactions executed on the trading floor.

With respect to electronic trading of all CME options products and, beginning March 30 for CBOT interest rate options products (including options spreads and combinations and options/futures spreads), pre-execution communications must be preceded by the entry of a Request for Quote ("RFQ"). Subsequent to the entry of the RFQ, any trade intended for execution pursuant to a pre-execution communication requires the entry of an additional RFQ followed by the entry of a Request for Cross ("RFC") order, an order which contains both the buy and sell orders.

With the exception of CME equity options, the RFC order must be entered no less than 15 seconds and no more than 30 seconds after the entry of the additional RFQ. In CME equity options, the RFC order must be entered no less than 5 seconds and no more than 30 seconds after the entry of the additional RFQ. The RFQs and the RFC must be entered within the same trading session and failure to enter the RFC order within the time parameters set forth above requires 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 time parameters set forth in CME & CBOT Rule 539.

Numerous Independent Software Vendors support the RFQ and RFC functionality. For market participants using the Exchange-provided CME EOS Trader application, functionality built in to the application will prevent the entry of the RFC message if it is entered outside of the allowable time periods for the entry of such messages. For example, with respect to an RFC in Eurodollar options, the system will preclude the entry of the RFC message if it is entered less than 15 seconds or more than 30 seconds after the entry of the second RFQ. This functionality was added to facilitate compliance with the relevant entry time requirements. The requirements detailed above ensure transparency and competitive execution by requiring solicitation of interest from all market participants via an RFQ prior to submission of the cross request.

The requirements with respect to engaging in pre-execution communications in CME options and CBOT interest rate options contracts trading on CME Globex appear in Sections 1-3, while the requirements with respect to engaging in pre-execution communications in CME futures products appear in Section 4.

Questions and answers regarding prohibited pre-execution communications in CBOT futures and options products (excluding CBOT interest rate options product trading on CME Globex) appear in Section 5.

The text of CME Rule 539 appears on page 7 and the text of CBOT Rule 539 appears on page 8 of this Advisory Notice. For additional information on the upcoming change to permit pre-execution communications in CBOT interest rate options products trading on CME Globex, please see today's release of Special Executive Report S-4829.

In products where pre-execution communications are allowed, such communications may occur only when the party for whose benefit the trade is being made 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.**

1. Requirements for Pre-Execution Communications in CME Options and CBOT Interest Rate Options Products Trading on CME Globex

- a) *Prior* to engaging in pre-execution communications involving CME options and CBOT interest rate options products (or any spread or combination involving such options), the market participant must submit a Request for Quote ("RFQ").
- b) Subsequent to submitting the RFQ and engaging in pre-execution communications, a trade to be executed pursuant to such communications requires the market participant to issue an additional RFQ.
- c) In all CBOT interest rate options and all CME options, a trade to be executed pursuant to pre-execution communications **must** be initiated by the entry of an RFC order, a submission which includes both the buy and sell orders; in all CME options other than Equity options and in all CBOT interest rate options, the RFC order **must** be initiated no less than 15 seconds and no more than 30 seconds after issuing the additional RFQ. In CME Equity options, the RFC order must be entered no less than 5 seconds and no more than 30 seconds after issuing the additional RFQ. The RFC matching algorithm is summarized in Section 2. below.
- d) If an RFC order is not entered within 30 seconds after the additional 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 in c) above.

2. RFC Matching Algorithm for CME Options and CBOT Interest Rate Options Products Trading on CME Globex

- 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 market at a price better than or equal to the RFC price. The balance of the RFC will be matched as follows:

All CBOT Interest Rate Options and All CME Options Other than Equity Options

- Immediately thereafter, 60% 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 remaining unmatched portion on the RFC will then be available for matching against other incoming orders for five (5) seconds;
- Any match-eligible quantity remaining on the RFC will then match at the RFC price;
- Any unmatched balance on one side of the RFC will either be cancelled or remain in the order book depending on the instructions submitted with the RFC.

CME Equity Options

- 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 balanced on one side of the RFC will either be cancelled or remain in the order book depending on the instructions submitted with the RFC.

3. Questions and Answers Regarding Pre-Execution Communication Requirements in CME Options and CBOT Interest Rate Options Products 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) Is an RFQ required to be submitted prior to engaging in pre-execution communications? Yes.
- e) Is the RFQ referenced in d) above required if the system is showing current bids and/or offers in the contract(s) that will be the subject of a pre-execution communication?
Yes.
- f) After the first RFQ is submitted and a pre-execution communication has taken place, is an additional RFQ required to be submitted prior to entering a Request for Cross ("RFC") in order to proceed with the transaction?
Yes.
- g) In all CBOT interest rate options and all CME options other than equity options, must the RFC be entered no less than 15 seconds and no more than 30 seconds after issuing the additional RFQ?
Yes.
- h) In CME equity options, must the RFC be entered no less than 5 seconds and no more than 30 seconds after issuing the additional RFQ?
Yes.

- i) Are the quantity and price of the orders on the RFC displayed to the marketplace upon submission of the RFC?
No.
- j) Must both RFQs and the RFC be entered within the same trading session? Yes.
- k) If the RFC is not entered within the time parameters set forth in g) and h) above after issuing the additional RFQ, is a new RFQ required to be issued prior to entering the RFC?
Yes.
- l) May an RFC ever be entered outside the time parameters set forth in g) and h) above after entry of the required RFQ?
No.
- m) If a call is made to solicit the improvement of a CBOT Interest Rate options or CME options market posted on CME Globex, must an RFQ be entered prior to making the call regardless of whether the parties discuss price, quantity or the side of market with respect to any potential trade?
Yes.
- n) If the call described in m) above results in the parties agreeing to trade opposite each other, must the requirements of f) and, depending on the option product, g) or h) be followed in order to proceed with the trade?
Yes.

4. Requirements for Pre-Execution Communications in CME Futures Products

For transactions in CME 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. No RFQ or RFC is required. At least 5 seconds must elapse after the entry of the first order before the opposing order can be entered.

5. Questions and Answers Regarding Pre-Execution Communication Requirements in CME Futures Products 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) Is an RFQ required to be issued prior to engaging in pre-execution communications? No.
- e) If pre-execution communications have occurred, must the order of the initiator of the pre-execution communication be entered prior to the entry of the opposing order?
Yes.

- f) Must a minimum of 5 seconds elapse after the entry of the first order before the entry of the second order?
Yes.
- g) Is the entry of an RFC required? No.

6. Questions and Answers Regarding Prohibited Pre-Execution Communications in CBOT Futures and Options Products Excluding CBOT Interest Rate Options Products Trading on CME Globex

- a) What is a pre-execution communication?

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. Pre-execution communications involving CBOT products are prohibited at all times with respect to transactions executed in either the open outcry or electronic venue, with the exception of CBOT interest rate options executed on CME Globex which must be executed in accordance with CBOT Rule 539.C. ("Pre-Execution Communications Regarding Globex Trades in Interest Rate Options"). The prohibition does not apply to privately negotiated transactions executed outside of the central market (i.e. EFP, EFR and Block trades).

- b) If a customer has an interest in a particular transaction 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.

- 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.

- f) Is it permissible to contact other market participants to obtain general market color?

Communications to obtain general market color are permissible provided there is no express or obviously implied arrangement to execute a specified trade and no non-public information is communicated regarding an order.

- g) How should an order for a spread or combination not supported by CME Globex be handled?
CME Globex supports a wide array of strategies covering most of the spreads and combinations participants commonly trade. There are, however, some types of spreads or combinations that are not supported by CME Globex. Orders for an unsupported spread or combination must be legged on CME Globex or entered in the open outcry venue. RFQs can be submitted for the legs of the strategy to ascertain the levels at which the spread could possibly be legged.
- h) Under what circumstances can orders be crossed on CME Globex?
In accordance with CBOT Rule 533 ("Simultaneous Buy and Sell Orders for Different Beneficial Owners"), *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.
- 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.
- i) 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 CBOT 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:

Kathleen Zaino, Associate Director, 312.435.3577

Robert Sniegowski, Associate Director, 312.341.5991

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

539.A. General Prohibition

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

539.B. Exceptions

The foregoing restriction shall not apply to block trades pursuant to Rule 526 or Exchange of Futures for Related Position 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, a pre-execution communication must be preceded by the submission of a Request for Quote ("RFQ").

Subsequent to such RFQ, a trade intended for execution for which there has been a pre-execution communication requires the entry of an additional RFQ; thereafter, a Request for Cross ("RFC") order which contains both the buy and the sell orders must be entered no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the additional RFQ in order to proceed with the trade, except in equity options where the RFC must be entered no less than five (5) seconds and no more than thirty (30) seconds after the entry of the additional RFQ. The RFQs 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 additional RFQ will require a new RFQ to be entered prior to the entry of the RFC order, which must be entered in accordance with the time parameters described above in order to proceed with the trade.

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

539.A. General Prohibition

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

539.B. Exceptions

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

539.C. Pre-Execution Communications Regarding Globex Trades in Interest Rate Options

Parties may engage in pre-execution communications with regard to interest rate 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. A pre-execution communication must be preceded by the submission of a Request for Quote ("RFQ").

Subsequent to such RFQ, a trade intended for execution for which there has been a pre-execution communication requires the entry of an additional RFQ; thereafter, a Request for Cross ("RFC") order which contains both the buy and the sell orders must be entered no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the additional RFQ in order to proceed with the trade. The RFQs 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 additional 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.