

RECEIVED
MAR 27 2009

2009 MAR 27 PM 1:46

NASDAQ OMX Futures Exchange, Inc.
1900 Market Street
Philadelphia, PA 19103

OFFICE OF THE SECRETARIAT

Rule Self-Certification

March 26, 2009

Office of the Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st St., N.W.
Washington, D.C. 20581

Re: Amendments to NFX Rules
Reference File SR-NFX-2009-04

Ladies and Gentlemen:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended ("Act"), and Section 40.6 of the regulations promulgated by the Commodity Futures Trading Commission under the Act, the NASDAQ OMX Futures Exchange, Inc. ("NFX" or "Exchange") hereby submits the attached amendments to its Rules regarding the amendment of obsolete definitions and rules, amendments to update certain membership rules, elimination of open outcry rules and other minor technical amendments. The amendments will become effective on March 30, 2009.

There were no opposing views among NFX's Board of Directors, members or market participants. NFX hereby certifies that these rule amendments comply with the Commodity Exchange Act and regulations thereunder.

Regards,



Ben Craig
President

cc: Mr. Glenn Spann
Ms. Jane Croessmann

Exhibit B

New language is underlined and deleted text is in brackets.

NASDAQ OMX Futures Exchange (NFX)—Rules

DEFINITIONS (Rules 1—59)

* * * * *

Rule 4. ~~[Broker Association]~~ Reserved.

[A broker association shall include two or more Exchange members with floor trading privileges, of whom at least one is acting as a floor broker who:

- (1) engage in floor brokerage activity on behalf of the same employer,
- (2) have an employer and employee relationship which relates to floor brokerage activity,
- (3) share profits and losses associated with their brokerage or trading activity, or
- (4) regularly share a deck of orders.]

* * * * *

Rule 15. Customer

The term "customer" means a person for whom a member o[f]r member organization carries an account (other than such member or member organization) or from whom a member or member organization solicits or accepts an order to effect any transaction in a commodity interest.

* * * * *

Rule 18. Reserved.~~[Employee of the Exchange and Exchange Employee~~

The terms "employee of the Exchange" and "Exchange employee" mean individuals employed directly by the Exchange and individuals employed by PHLX who provide services to the Exchange.]

* * * * *

Rule 22-23 Reserved.~~[Floor]~~

[The term "Floor" means pits, rings, posts or other places which have been designated by the Exchange as the trading areas for commodity interests and all adjacent areas.]

[Rule 23. Floor Member

The term "floor member" means a member who has been granted permission to act on the Floor pursuant to the Rules of the Exchange.]

* * * * *

Rule 3[4]5. Put

The term "put" means an option contract under which:

- (a) the holder of the option has the right, but not the obligation, in accordance with the terms of the option, to sell to the Clearing Corporation the number of units of the commodity or futures contract (or the cash equivalent of such number of units) covered by the option contract, and
- (b) the Clearing Corporation is obligated, in accordance with the terms of the option, to purchase from the holder upon the valid exercise of such option contract the number of units of the commodity or futures contract (or the cash equivalent of such number of units) covered by the option contract.

Rule 3[5]6. Rule of the Clearing Corporation

The term "Rule of the Clearing Corporation" means any provision of the Certificate of Incorporation or the By-Laws, or any Rule, regulation, interpretation, stated policy, or instrument corresponding thereto, as adopted or amended by the Clearing Corporation.

Rule 3[6]7. Rule of the Exchange

The term "Rule of the Exchange" means any Rule, regulation, interpretation, stated policy, or instrument corresponding thereto, as adopted or amended by the Exchange.

Rule 3[7]8. Self-Regulatory Organization

The term "self-regulatory organization" shall have the meaning ascribed to it in the Securities Exchange Act of 1934 and, in addition, shall include any contract market, commodity clearing organization and registered futures association.

Rule 3[8]9. Series of Options

The term "series of options" means all option contracts of the same class of options having the same expiration date, exercise price and unit of trading.

Rule [39]40. Unit of Trading

The term "unit of trading" means in respect of any futures or option contract the number of units of the commodity or, in the case of an option on a futures contract, of the futures contract which are covered by a single option or futures contract.

[Rule 40. Reserved.

Reserved.]

* * * * *

MEMBERSHIP RULES (Rules 101—200)

* * * * *

Rule 105. Purchase, Sale or Transfer of Membership Shares

(a) Membership shares may be purchased [from the Exchange] when and as made available by the Exchange. The purchaser shall deposit [with the office of the Secretary] a certified check for [twenty percent (20%) of] the purchase price of any membership share purchased under this paragraph (a) within [fourteen (14)] seven (7) days after such purchaser is notified of his approval pursuant to Rule 101 or such other period of time as may be applicable. The purchase of such a membership share thereafter shall be effected in accordance with paragraphs (e) and (f) of this Rule.

(b) Outstanding membership shares which are transferable may be purchased only through the Exchange's designated department. Bids must be submitted in writing to the Exchange's designated department, which will file all bids according to the highest price and the earliest submission date. All bids remain in effect until written revocation thereof is received by the Exchange's designated department, except that such bids shall not be binding in any transfer of a membership share by the Exchange pursuant to Rule 116.

(c) Outstanding membership shares which are transferable may be transferred only through the [office of the Secretary] Exchange's designated department. All offers for the sale of a membership share must be submitted in writing to the [office of the Secretary] Exchange's designated department. The [Secretary] Exchange's designated department will file all such offers according to the lowest price and the earliest submission date. All offers remain in effect until written revocation thereof is received by the [office of the Secretary] Exchange's designated department.

(d) When an offer filed in accordance with paragraph (c) is matched with a bid filed in accordance with paragraph (b) of this Rule, the purchaser must deposit with the [office of the Secretary] Exchange's designated department a certified check for [twenty percent (20%) of] the purchase price; and the person whose membership share is being transferred or its legal representative must execute and deliver to the [office of the Secretary] Exchange's designated department an agreement to transfer the membership share to the purchaser.

(e) Written notice of a proposed transfer, either voluntary or by the Exchange, including the purchase of a membership share from the Exchange, shall be sent to each member and member organization and posted on the Floor for not less than seven (7) consecutive days immediately preceding the effective date of such transfer, which notice shall specify such date.

(e) [On the last business day of the posting period specified in paragraph (e) of this Rule, the purchaser must deposit with the office of the Secretary a certified check for the balance of the purchase price and any other monies due the Exchange.] Written notice of the effective transfer shall be sent to each member and member organization and posted on the Floor.

(f) Following the consummation of such transfer, the transferor of such membership share shall cease to have any rights or privileges of membership, except that such transfer shall not affect the rights of the transferor or the member organization for which the transferor's membership was registered, relating to claims pursuant to Rule 107.

* * * * *

Rule 116. Transfer of Membership Share by the Exchange

(a) Whenever the transfer of a membership share is directed by the Exchange, any bid for a membership share then on file with the Exchange's designated department or any bid received by the Exchange's designated department within thirty (30) days thereafter, may be accepted for such membership share by the Exchange's designated department, subject to the provisions of the By-Laws and Rules of the Exchange, and if at the time such sale is directed, offers of sale of other membership shares shall have been filed with the Exchange's designated department and are still open, such bid for a membership share shall be available for the sale of the membership share whose sale has been directed by the Exchange in priority over the sale of such other membership shares. The proceeds of such transfer shall be distributed in the manner provided in Rule 107.

(b) The person who is the highest bidder shall, on the day of such auction, deposit with [office of the Secretary] the Exchange's designated department a certified check for [twenty percent (20%) of] the purchase price.

(c) The consummation of the transfer shall occur on the day following the last day of posting as required by Rule 105(e). [On the last business day of such posting period, the purchaser must deposit with the office of the Secretary a certified check for the balance of the purchase price and any other monies due the Exchange.]

(d) If within thirty (30) days after the Exchange shall have directed the transfer of such membership share, no bids in writing for a membership share shall have been filed with the Exchange's designated department, such membership share may be purchased by the Exchange for such sum as the Board of Directors shall, in its sole discretion, deem proper.

* * * * *

Rule 118. Leasing of Membership Shares

(a) A person may lease legal title to its membership share to a person who has applied for approval and has been approved as a member by the Exchange in accordance with the Rules of the Exchange.

(b) A person shall notify the Exchange in writing prior to any leasing of his membership share and shall register with the Exchange as an approved lessor in accordance with the provisions of Rule 119. A fully executed copy of the lease agreement and any amendment thereto shall be filed with and approved by the Exchange prior to the effectiveness of the lease agreement or any amendment thereto.

(c) In order to be approved by the Exchange, a lease agreement shall include provisions stating:

- (1) that the lease agreement shall not be effective until the transfer of the membership share is approved pursuant to the Rules of the Exchange;
- (2) that the lease agreement shall be subject to cancellation by the lessor or the lessee upon at least thirty (30) days' prior written notice to the Exchange and to the other party and subject to the lessee's death or incompetency in which case the lessee's legal representative shall give prompt notice thereof to the Exchange and the lessor;
- (3) all financial arrangements between the lessor and lessee regarding the leasing of the membership share and requiring the lessee to pay the Exchange or any of its affiliates all applicable dues, fees, charges or other assessments arising from the use of the membership share;
- (4) that the lessee shall not be permitted to transfer, to pledge or otherwise to encumber legal title to the membership share during the term of the lease;
- (5) that upon the death or incompetency of the lessee, the expiration of the term stated in the lease agreement, or the occurrence of any other event specified in such agreement, the lease agreement shall terminate and legal title to the membership share shall revert to the lessor in accordance with the By-Laws and Rules of the Exchange;
- (6) that upon any event specified in subparagraph (c)(5) of this Rule, the lessee or his legal representative shall not use the membership share for any purpose without the written consent of the lessor;
- (7) that during the term of the lease, the lessee shall be deemed to be a member of the Exchange for all purposes of the Certificate, By-Laws and Rules of the Exchange, except as set forth in subparagraph (c)(4) of this Rule and that the lessee shall not share in the assets of the Exchange upon any liquidation, dissolution or winding up of the Exchange;
- (8) that any controversy arising between the lessor and the lessee relating to the lessee's membership share or the lease agreement shall be submitted for arbitration as a dispute between members in accordance with the Arbitration Rules of the Exchange; and

- (9) that the Exchange may dispose of a membership share subject to a lease agreement in accordance with the By-Laws and Rules of the Exchange.
- (d) Upon termination of the lease agreement for any reason, the legal title to the membership share subject to the lease agreement shall not be considered for transfer to any person, including reversion to the lessor, unless and until the lessor, or his legal representative, has provided the Exchange with written notice of the name of the person applying to hold legal title to the membership share and such person has made application therefor. Such written notice shall be provided to the Exchange within sixty (60) days after the date of termination of the lease agreement or at any time prior to the termination of the lease agreement. Failure to provide such notice or for such person to make application within thirty (30) days after such notice shall authorize the Exchange to dispose of the membership share formerly subject to the lease agreement, including the lessor's interest therein.
- (e) As used herein, the following terms shall have the following meanings:
- (1) the term "lessor" means a holder of equitable title to a membership share in the Exchange, including a former member of the Exchange, who has leased legal title to his membership share to a lessee and has retained equitable title to such membership share, pursuant to the By-Laws and Rules of the Exchange; and
- (2) the term "lessee" means a natural person who has leased legal title to his membership share from a less[s]or, pursuant to the By-Laws and Rules of the Exchange.

* * * * *

Rule 134. Addresses of Members and Member Organizations

Every member and member organization shall register with the [Secretary of the] Exchange's designated department an address and subsequent changes thereof where notices may be served. The registered address of every member who personally transacts business on the Floor must be in the vicinity of the Exchange.

* * * * *

Rule 202. Financial Requirements

- (a) Each member and member organization which is a futures commission merchant or an introducing broker shall comply with the requirements prescribed in Commission Regulations 1.10, 1.12, 1.17 and 1.18 and with the additional requirements of this Rule.
- (b) Each member and member organization which is not subject to the requirements prescribed in Commission Regulations 1.10, 1.12, 1.17 and 1.18 shall at the time of application for admission to membership or for approval as a member organization, and upon admission to membership or approval as a member organization have net liquid assets in the amount of \$25,000 or more.

- (1) Each member who is the sole proprietor of a sole proprietorship that is registered as a registered commodities trader ("RCT") and each member organization affiliated with a member that is registered as an RCT thereafter shall at all time comply with the above requirement of paragraph (b) of this Rule or with the requirements of subparagraphs (b)(1)(i) and (b)(1)(ii) of this Rule:
 - (i) maintain positive net liquid assets and positive equity in its clearing account or accounts; and
 - (ii) have filed with the Exchange a Letter of Guarantee which has been issued for such member or member organization by a clearing member and which Letter of Guarantee has not been cancelled pursuant to subparagraph (b)(1)(ii)(B) of this Rule.
 - (A) The Letter of Guarantee shall provide that the issuing clearing member guarantees the financial responsibility of the member which is registered as an RCT or of the member organization with which the RCT is affiliated with respect to all transactions effected on the Exchange by such RCTs.
 - (B) The Letter of Guarantee filed with the Exchange shall remain in effect until the Exchange receives written notice from the issuing clearing member of its intent to cancel such Letter of Guarantee. Written notice of intent to cancel received by the Exchange at least one-half hour prior to the normal opening of trading shall become effective on the day of receipt; written notice of intent to cancel received by the Exchange less than one-half hour prior to the normal opening of trading shall not become effective until the opening of trading on the next business day following its receipt by the Exchange. A cancellation shall in no way relieve a clearing member of responsibility for transactions guaranteed prior to the effectiveness of the cancellation.
- (2) Each member who is the sole proprietor of a sole proprietorship that is registered as a floor broker and each member organization affiliated with a member that is registered as a floor broker shall thereafter maintain at all times net liquid assets in the amount of \$15,000 or more and, if its membership has not been registered for a clearing member or if such member organization is not a clearing member, establish and maintain at all times an account with a clearing member for the sole purpose of carrying positions resulting from errors made in the course of such floor brokerage business. Prior to effecting any transaction on the Exchange, any such member or member organization shall file with the Exchange a Letter of Guarantee which has been issued for the member or member organization by such clearing member and which has not been cancelled pursuant to subparagraph (b)(2)(ii) of this Rule.
 - (i) The Letter of Guarantee shall provide that the issuing clearingmember guarantees the financial responsibility of the member which is registered as a floor broker or of the member organization with which the floor broker is affiliated with respect to all transactions effected in the error account of such member or member organization.
 - (ii) The Letter of Guarantee filed with the Exchange shall remain in effect until the Exchange receives written notice from the issuing clearing member of intent to cancel such Letter of Guarantee. The effectiveness of written notice of intent to cancel the Letter

of Guarantee shall be determined pursuant to the provisions of subparagraph (b)(1)(ii)(B) of this Rule. A cancellation shall in no way relieve a clearing member of responsibility for transactions guaranteed prior to the effectiveness of the cancellation.

(3) Each member or member organization of the Exchange which is not subject to any other financial requirement of the Exchange or of the Commission following admission to membership or approval as a member organization shall thereafter at all times maintain net liquid assets in the amount of \$15,000 or more.

(c) Each member and member organization shall file with the Exchange two signed copies of any proposed subordination agreement at least ten (10) days prior to the proposed effective date of the agreement or at such other time as the Exchange for good cause shall accept such filing. Any proposed subordination agreement shall comply with the requirements of Commission Regulation 1.17 applicable to such agreements. No proposed agreement shall become effective unless and until the Exchange has found the agreement acceptable.

(d) Each member and member organization shall file with the Exchange a copy of any notice required to be filed with the Commission pursuant to Commission Regulations 1.12 and 1.17 concurrently with the same being filed with the Commission.

(e) The Exchange may at any time or from time to time, with respect to a particular member or member organization or all members or member organizations or a new member or member organization, prescribe net capital or net worth requirements greater than or in addition to those prescribed under this Rule, including more stringent treatment of items in computing net capital or net worth.

(f) For the purposes of this Rule, the term "net liquid assets" shall have the same meaning as set forth in NASDAQ OMX PHLX Rule 703(b).

* * * * *

GENERAL TRADING RULES (Rules 301—400)

Rule 301[.] - 367 Reserved. [Execution of Trades

All purchases and sales of any commodity interest shall be executed openly and competitively by open outcry on the Floor of the Exchange, in the trading areas provided for that purpose by the Exchange, during the regular hours for trading therefor, except as otherwise set forth herein.]

[Access to and Communication with the Floor

Rule 302. Communications

Communications shall not be read to the Exchange nor posted on the bulletin board without the consent of the Exchange.]

[Rule 303. Employees

No employee of a member or member organization shall be admitted to the Floor unless he is registered with and approved by the Exchange, which may at any time in its discretion withdraw any approval so given.]

[Rule 304. Wire and Other Connections

No member or member organization shall establish or maintain any telephonic or other wire connection between his or its office and the Exchange or any private wire connection, private radio, television or wireless system between the Floor and a non-member except with the approval of the Exchange. A member or member organization shall file promptly notice of the discontinuance of any such means of communication with the Exchange.]

[Rule 305. Qualifications for Floor Members

(a) Any member seeking to act on the Floor shall satisfy the following requirements:

- (1) submit an application in a form prescribed by the Exchange, if required;
- (2) pass a written examination prescribed by the Exchange testing the member's knowledge of the Rules and procedures of the Exchange and such other subjects as the Exchange deems appropriate, if required;
- (3) spend such minimum amount of time on the Floor as the Exchange may prescribe, observing the manner in which trading is conducted;
- (4) register as a floor broker with the Commission, if intending to act as a floor broker, or as a floor trader if intending to act as a floor trader; and
- (5) comply with whatever additional requirements the Exchange may from time to time impose.

(b) Upon satisfying the foregoing requirements, the member shall be granted permission to act on the Floor.

(c) Registration. No member in or surrounding any pit, ring, post or other place provided by the Exchange for the meeting of persons similarly engaged shall purchase or sell any commodity for future delivery, or any commodity option, on or subject to the rules of the Exchange: (1) for such person's own account, unless such person is registered or has been granted a temporary license as a floor trader, or has been granted a temporary license as a floor broker to act as a floor trader; and (2) for any other person, unless such person is registered as a floor broker.

(d) Suspension. If the registration of any person required to be registered under paragraph (c) above is suspended, such person shall not engage in the purchase or sale of any commodity for future delivery, or any commodity option, on or subject to the rules of the Exchange, nor shall such person represent himself as a floor broker or floor trader or an agent of a registered floor broker or floor trader during the time such person is suspended.

(e) **Withdrawal from Registration.** Any floor broker or floor trader may request that such person's registration be withdrawn pursuant to Section 3.33 of the Act by filing the appropriate form with the National Futures Association in accordance with the instructions thereto. A copy of such form must be provided to the Exchange.

(f) **Review of Registration Information.** Every floor broker and floor trader must review and, if applicable, update, such person's registration information in accordance with Section 3.11(d) of the Act.

(g) **Ethics Training Requirement.** Certain persons registered with the National Futures Association, including floor brokers and floor traders, are required by Section 3.34 of the Act to attend ethics training intended to ensure an understanding of such person's responsibilities to the public under the Act.

(i) **New Registrants.** The initial session shall be four hours in duration and shall be completed within six months after the effective date of such person's registration.

(ii) **Continuing Ethics Requirement.** All registrants shall be required to attend and complete a one hour ethics training session every three years.

(iii) **Evidence of Training.** The Exchange shall maintain evidence of compliance with these requirements for all floor brokers and floor traders granted trading privileges by the Exchange.

(h) Every member granted permission to act on the Floor must continue to satisfy subparagraphs (a)(4) and (a)(5) as well as paragraphs (c) - (g) of this Rule.

(i) The Exchange, in its discretion, may waive any requirement of this Rule except the requirement of subparagraph (a)(4) and paragraphs (c) - (g) above.]

[Rule 306. Commodity Interests Dealt In

No member or member organization shall bid for, offer for sale, purchase or sell on the Exchange any commodity interest unless the Exchange has been designated as a contract market for such commodity interest and such commodity interest is currently trading on the Exchange.]

[Rule 307. Bids and Offers

Bids and offers to be effective must be made by public outcry at the post assigned to such commodity interest by the Exchange. All bids and offers made on the Floor shall be deemed to be for one option or futures contract unless a specific number of contracts is expressed in the bid or offer. A bid or offer for more than one contract shall be deemed to be for the amount thereof or a smaller number of contracts. All bids and offers shall be general ones and shall not be specified for acceptance by particular members.]

[Rule 308. Acceptance of Bid or Offer

All bids or offers for commodity interests dealt in on the Exchange made and accepted in accordance with these Rules shall constitute binding contracts between the parties thereto but shall be subject to the exercise by the Board of Directors of the powers in respect thereto vested in said Board by the By-Laws and to the Rules of the Exchange and said contracts shall also be subject to the Rules of the Clearing Corporation and to the exercise by the Clearing Corporation of the powers reserved to it in its By-Laws and Rules.]

[Rule 309. Types of Orders

In the placement or execution of orders for the purchase or sale of commodity interests, the following terms shall have the meanings specified below:

(a) Market order. A market order is an order to buy or sell immediately a stated amount of a commodity interest at the most advantageous price obtainable at the time the order is represented in the trading crowd.

(b) Limit order. A limit order is an order to buy or sell a stated amount of a commodity interest at a specified price, or at a better price, if obtainable after the order is represented in the trading crowd.

(c) Stop order. A stop order is an order which becomes a market order when a transaction occurs at, or if a buy order above, or if a sell order below, the specified stop price after the order is represented in the trading crowd. A stop order to sell is placed at a price below the existing market. A stop order to buy is placed at a price above the existing market.

(d) Stop limit order. A stop limit order is an order which becomes a limit order when a transaction occurs at, or if a buy order above, or if a sell order below, the specified stop price after the order is represented in the trading crowd. A stop limit order to sell is placed at a price below the existing market. A stop limit order to buy is placed at a price above the existing market.

(e) Market if touched order. A market if touched order is an order which becomes a market order when a transaction occurs at, or if a buy order below, or if a sell order above, the specified touch price after the order is represented in the trading crowd. A market if touched sell order is placed at a price above the existing market. A market if touched buy order is placed at a price below the existing market.

(f) Limit if touched order. A limit if touched order is an order which becomes a limit order when a transaction occurs at, or if a buy order below, or if a sell order above, the specified touch price after the order is represented in the trading crowd. A limit if touched sell order is placed at a price above the existing market. A limit if touched buy order is placed at a price below the existing market.

(g) At the close order. An at the close order is a market order which is to be executed at or as near to the close as practicable. The acceptance of an at the close order by a floor member does not make him responsible for an execution at the closing price.

(h) At the opening order. An at the opening or at the opening only order is a market or limit order which is to be executed on the opening rotation of a commodity interest or not at all, and any such order or the portion thereof not so executed is to be treated as cancelled.

(i) Day order. A day order is an order which, if not executed, expires at the end of the trading day for which it was entered. Unless otherwise specified, an order for the purchase or sale of a commodity interest shall be deemed to be a day order.

(j) Good 'till cancelled order or open order. A good 'till cancelled ("G.T.C.") order or open order is an order to buy or sell which remains in effect until it is either executed or cancelled.

(k) All or none order. An all or none order is a market order which is to be executed in whole as soon as such order is transmitted to the Floor or a limit order which is to be executed in whole as soon as a specified price is reached.

(l) Immediate or cancel order. An immediate or cancel order is a market or limit order which is to be executed as soon as such order is transmitted to the Floor. Any part of such order which is executed is to be so reported immediately and any portion remaining unfilled is to be treated as cancelled.

(m) Not held order. A not held order is an order in which a floor member is to use his discretion as to price and/or time in the execution of such order.

(n) Discretionary order. A discretionary order is an order in which a floor member is to use his discretion solely as to price in the execution of such order.

(o) Order good until a specified time. An order good until a specified time is a market or limit order which is to be represented on the Floor until a specified time, after which such order or the portion thereof not executed is to be treated as cancelled.

(p) Scale order. A scale order is an order to buy (or sell) a commodity interest which specifies the total amount to be bought (or sold) and the amount to be bought (or sold) at specified price variations.

(q) Spread order. A spread order is an order to buy a stated number of futures or option contracts and to sell the same number of futures or option contracts in a different delivery month in the case of futures contracts or different series in the same class in the case of option contracts.

(r) Straddle order. A straddle order is an order to buy a stated number of call option contracts and the same number of put option contracts with respect to the same series of option contract; or an order to sell a stated number of call option contracts and the same number of put option contracts with respect to the same series of option contract.

(s) Combination order. A combination order is an order to buy a stated number of call option contracts and the same number of put option contracts with respect to the same underlying commodity or futures contract, which contracts do not have both the same exercise price and expiration date, or an order to sell a stated number of call option contracts and the same number

of put option contracts with respect to the same underlying commodity or futures contract, which contracts do not have both the same exercise price and expiration date.

(t) Time order. A time order is an order which becomes a market or limit order at a specified time, or is good through a specified period of time.]

[Rule 310. Bids and Offers Outside Best Bid and Offer

Except with respect to the opening of a commodity interest conducted by a Board Broker in accordance with the procedures specified in Commentary .04 to Rule 316, when a bid is clearly established, no bid or offer at a lower price shall be made and when an offer is clearly established, no offer or bid at a higher price shall be made.]

[Rule 311. Precedence of Highest Bid

The highest bid shall have precedence in all cases, but where two or more bids are made at the same price, priority and precedence shall be determined in accordance with the following rules:

(a) If it is possible to determine clearly the order of time in which bids were made, such bids shall be filled in that order, provided that a bid which represents the order of a registered commodities trader initiated on the Floor pursuant to the provisions of Rule 341 and does not constitute a transaction to reduce or liquidate a position shall in all cases yield priority to bids represented by orders initiated off the Floor. While members and member organizations may leave orders with a Board Broker, such orders shall not as a result thereof gain priority.

(b) When two or more bids are made simultaneously, all such bids shall be on parity, provided that, if the Board Broker and members holding orders in the trading crowd are bidding on parity, the Board Broker shall be entitled to 50% of any execution and the members in the trading crowd shall share the remaining 50% equally.

(c) A sale at the established bid price shall remove all bids from the trading crowd except that, if the number of contracts offered exceeds the number of contracts specified in the bid having priority or precedence, a sale of the unfilled balance to other bidders shall be governed by the provisions of these Rules as though no sales had been made to the bidders having priority or precedence.

(d) Notwithstanding anything in these Rules to the contrary, a spread order, a straddle order or a combination order may be executed at a differential pursuant to the provisions of Rule 330 without giving priority to bids or offers of members established in the marketplace.

(e) The provisions of this Rule and of Rule 312 shall not be applicable to the opening of a commodity interest conducted by a Board Broker in accordance with the procedures specified in Commentary .04 to Rule 316.]

[Rule 312. Precedence of Offers at Same Price

The lowest offer shall have precedence in all cases, but where two or more offers are made at the same price, the priority and precedence shall be determined in the same manner as specified in the case of bids in Rule 311.]

[Rule 313. Disputes

Disputes arising with respect to bids or offers, if not settled by agreement between the members interested, shall be settled, if practicable, by decision of a Floor Official knowing of the transaction in question; if not so settled, by the Exchange.]

[Rule 314. Priority and Parity at Openings

(a) At an opening, all market orders (whether entrusted to or left with the Board Broker or represented by a floor member in the trading crowd) shall have precedence over limit orders and shall be executed at one price.

(b) In connection with an opening, a limit order to buy which is at a higher price than the price at which the commodity interest is to be opened and a limit order to sell which is at a lower price than the price at which the commodity interest is to be opened, are to be treated as market orders.

(c) The above provisions of this Rule shall also apply to a reopening after a halt in trading.]

[Rule 315. Transactions Outside Book's Last Quoted Range

If a transaction or the cancellation of an order causes the established bid or the established offer of a Board Broker to be removed from the market, no floor member may participate in any transaction at a price below such bid or above such offer without first confirming that the Board Broker does not have a bid or offer which has priority.]

[Rule 316. Trading Rotations, Halts and Suspensions

(a) There shall be a trading rotation at the opening each business day for each commodity interest that is trading on the Exchange. There shall also be a trading rotation upon the resumption of trading in any commodity interest following any halt or suspension of trading therein.

(b) Trading on the Exchange in any commodity interest may be halted or suspended whenever the Exchange deems such action appropriate to protect the integrity, liquidity or orderly liquidation of such commodity interest. Trading in a commodity interest that has been the subject of a halt or suspension may be resumed upon a determination by the Exchange that the conditions which led to the halt or suspension are no longer present.

(c) The Exchange shall have the authority to delay openings in a particular delivery month or a series of a commodity interest or to halt, and reopen after a halt, trading in a particular delivery month or series of a commodity interest or to initiate a trading rotation in a particular commodity interest, whenever such action is deemed necessary to protect the integrity, liquidity or orderly liquidation of such commodity interest.

• • • *Commentary:* -----

.01 Trading rotations shall be conducted by the Board Broker assigned to the particular commodity interest. A trading rotation is a series of very brief time periods during each of which bids, offers and transactions in only a single, specified contract or in a single, specified series of option or delivery month of a futures contract can be made. Taking each commodity interest in which he is acting in turn, the Board Broker should generally first open the series of option or delivery month of a futures contract having the nearest expiration date or delivery month, respectively, then proceed to the series of option or the futures contract having the next most distant expiration date or delivery month, respectively, and so forth, until all series of such class of options or all delivery months of such futures contract have been opened. After all series of options expiring in the same month have been opened or after the opening of any futures contract, all such series of options or such futures contract, as the case may be, shall be freely tradable. Except as otherwise provided by the Exchange, in the case of options, if both puts and calls covering the same underlying commodity are being traded, the Board Broker shall determine which type of option should open first and may alternate the opening of put series and call series or may open all series of one type before opening any series of the other type, depending on current market conditions. Trading rotations may be conducted in another manner in accordance with procedures announced by the Board Broker after receiving approval from a Floor Official.

.02 In conducting a trading rotation pursuant to this Rule, the Board Broker shall announce to the trading crowd prior to the commencement of the rotation any material imbalances in any series of option or any delivery month of a futures contract to be opened.

.03 Except as otherwise provided with respect to registered commodities traders, orders may be entered, modified or cancelled in a particular series of options or a futures contract of a particular delivery month until the commencement of a trading rotation in such series or delivery month.

.04 The following procedures shall be applicable to the opening of any series of option or any delivery month of a futures contract:

- (a) The Board Broker shall, by announcing price indications, seek bids and offers from the trading crowd to enable the execution of all market orders at a single price. In announcing such price indications, the Board Broker shall in all instances announce both an indicated bid and an indicated offer together with the number of contracts to buy and the number of contracts to sell represented by market orders to be executed at the opening. He shall seek the highest level of bids, if the number of contracts represented by market orders to sell exceeds the number of contracts represented by market orders to buy, or the lowest level of offers, if the number of contracts represented by market orders to buy exceeds the number of contracts represented by market orders to sell, at which the imbalance of market orders

may be executed, taking into account limit orders on the book and any buying or selling interest which is made known to him in the trading crowd as a result of giving out such price indications. If necessary, the Board Broker shall give out additional price indications until the highest bid and lowest offer in the market differ by not more than the minimum price interval permitted in such commodity interest, and he is able to effect an opening by executing all market orders at one price. In executing the market orders at the opening, the Board Broker shall open on the bid side of the market if, at the time of the final indication, the number of contracts represented by market orders to sell exceeds the number of contracts represented by market orders to buy, and on the offer side of the market if the number of contracts represented by market orders to buy exceeds the number of contracts represented by market orders to sell.

Pursuant to Rule 314(b), limit orders to buy on the Board Broker's book, or held by floor members in the trading crowd (provided the Board Broker has been notified thereof), which are at prices above the opening price, and limit orders to sell which are at prices below the opening price, shall be treated as market orders and must be executed at the opening price. Any such orders having limits equal to the opening price shall be included in the opening to the extent possible without upsetting the balance of market orders to buy and sell; provided, however, that the Board Broker shall not open a commodity interest (i) at a price which will result in unexecuted limit orders to buy at the same price unless he shall first have given out a bid indication at the minimum price interval permitted in such commodity interest above such proposed opening price (and determined that the announcement of such indication has not had the effect of lessening the imbalance of market orders), or (ii) at a price which will result in unexecuted limit orders to sell at the same price unless he shall first have given out an offer indication at the minimum price interval below such proposed opening price (and determined that the announcement of such indication has not had the effect of lessening the imbalance of market orders). In the event that orders with limit prices equal to the opening price are to be included in the opening and are held both by the Board Broker and members in the trading crowd, all such orders shall be on parity and, to the extent executed at the opening, the Board Broker shall be entitled to 50% of such execution and the members in the trading crowd shall share the remaining 50% equally.

(b) A floor member holding a market order to be executed at the opening must so notify the Board Broker prior to the time the Board Broker gives out his first price indication. Failure to do so will relieve the Board Broker of any responsibility to execute such order at the opening. All bids and offers in the trading crowd during pre-opening indications (as well as any other time during the trading session) must be for a specific number of contracts and at a specific price. Except as provided below with respect to registered commodities traders, orders may be entered, modified or cancelled in a particular series of option or delivery month of futures contract until the Board Broker announces his final price indication (a bid

and asked quote with a spread at the minimum price interval permitted) for the option series or delivery month of the futures contract. Any market order received by a floor member subsequent to the initial price indication and not given to the Board Broker prior to the final price indication will not be included in the opening.

(c) Subject to the provisions of Rules 341 and 342, registered commodities traders may participate in the opening of a commodity interest in accordance with the following terms and conditions:

- (1) A registered commodities trader may leave market or limit orders with the Board Broker prior to the commencement of a trading rotation in a particular commodity interest. After the Board Broker has announced an opening price indication in a particular series or a particular delivery month for a commodity interest, a registered commodities trader may not leave with the Board Broker any market or limit orders in any series or delivery month in the same commodity interest or modify any orders previously left with the Board Broker, until the commencement of free trading in all series or all delivery months in such commodity interest. This shall not prohibit the cancellation or withdrawal by registered commodities traders of orders previously left with the Board Broker.
- (2) Market orders of registered commodities traders left with the Board Broker prior to the opening shall have priority over bids and offers of registered commodities traders announced in the trading crowd during the opening rotation.

-----]

[Rule 317. Successive Transactions by Members

No member or member organization shall effect or cause to be effected the purchase of any commodity interest at successively higher prices or the sale of any commodity interest at successively lower prices for the purpose of creating or inducing a false, misleading or artificial appearance of activity in such commodity interest, or for the purpose of unduly or improperly influencing the market price of such commodity interest, or for the purpose of making a price which does not reflect the true state of the market in such commodity interest.]

[Rule 318. Prearranged Trades Prohibited

No member or member organization shall make any purchase or sale of a commodity interest which has been directly or indirectly prearranged.]

[Rule 319. Disclosure of Customer's Orders

No floor member shall disclose at any time that he is holding an order of another person or divulge any order revealed to him by reason of his relationship to such other person, except in connection with the giving of an order to another member for execution or at the request of the Exchange.]

[Rule 320. Priority of a Member's Customer Orders

- (a) Except as otherwise provided herein, no floor member shall allocate trades among accounts.
- (b) Each floor member shall give priority to public customer market orders over all other types of orders. Priority among such market orders shall be established in accordance with the times such market orders are received by the floor member. Priority among public customer limit orders shall be established by price, and, in the event a floor member is holding limit orders at the same price, in accordance with the times such limit orders were received by the floor member. The sequence of time stamping of orders when received on the Floor shall be prima facie evidence of the sequence in which such orders were received by a floor member.
- (c) For the purposes of this Rule, the term "public customer" shall not include a member or member organization of the Exchange, or a non-member futures commission merchant or introducing broker.]

[Rule 321. Withholding Orders

No floor member shall withhold or withdraw from the market any order or part of an order of another person for the convenience of another member or member organization.]

[Rule 322. Price Binding Even if Erroneous Report

The price at which an order is executed shall be binding notwithstanding the fact that an erroneous report of execution in respect thereto may have been rendered. A report of execution shall not be binding if a transaction was not actually executed, and a transaction which was executed shall be binding regardless of whether reported.]

[Rule 323. Transfer of Positions

- (a) No commodity interest shall be transferred from one account on the books of a member or member organization to another account on the books of the same or any other member or member organization if any change in ownership would result there from, unless the transfer is made:
- (1) to correct an error in the original posting of the contract;
 - (2) to consummate an exchange of futures contracts for physical (spot) transaction between two parties pursuant to Exchange Rule 361 or
 - (3) to reflect a change of ownership occurring by operation of law on the death or bankruptcy of a person having an ownership interest in such commodity interest.
- (b) In the case of any transfer referred to in subparagraph (a)(1) and (2) of this Rule, written notice of the transfer shall be given to the Exchange by the parties of the transactor in such form and containing such information as the Exchange may prescribe.]

[Rule 324. Recording of Member Executions

Every floor member who executes purchases or sales of any commodity interest (including straddles, spreads and combinations executed at a differential) for an account in which he has an interest shall promptly prepare for each such transaction a written record in ink showing the executing member, his clearing member, transaction date, time of execution, commodity interest and the number of contracts purchased or sold and, as applicable, price or premium, delivery month or expiration date, put or call, strike price and such additional information as the Exchange may from time to time require to be included thereon.]

[Rule 325. Recording of Customer and Other Member Orders and Executions

(a) Every order for the purchase or sale of a commodity interest which is not in the form of a written record must, immediately upon receipt thereof, be recorded in writing by the member receiving such order in accordance with the requirements of Commission Regulation 1.35(a-1) except:

- (1) orders executed by registered commodities traders for accounts in which they have an interest which shall be recorded pursuant to Rule 324 and
- (2) orders for the account of another member present on the Floor at the time the order is received which shall be recorded pursuant to paragraph (c) of this Rule.

(b) All records of such orders required to be in writing under paragraph (a) of this Rule shall be written in ink and include:

- (1) the account identification and order number, if any;
- (2) the commodity interest, number of contracts, delivery month or expiration date and, as applicable, put or call and strike price;
- (3) the date and time stamp to the nearest minute when:
 - (i) received on the Floor by a floor member or employee thereof;
 - (ii) received by the floor broker; and
 - (iii) a floor member or employee thereof reports the execution of the order from the Floor.

(c) Every floor member who places an order for the purchase or sale of a commodity interest (including spreads, straddles, and combinations executed at a differential) with another floor member on the Floor must prepare and deliver to such other member prior to the representation of such order in the trading crowd a written record in ink of such order containing the commodity interest, number of contracts, delivery month or expiration date and, as applicable, put or call and strike price at the time he places the order with such other member.]

[Rule 326. Reporting of Executions

(a) It shall be the responsibility of the selling floor member in each transaction involving a commodity interest to record the time of execution to the nearest minute and, as applicable, price or premium, and to give a clerk of the Board Broker appointed in such commodity interest promptly following the execution of such transaction a copy of each report of the trade prepared by each party to such trade pursuant to Rule 324 or Rule 325, except that in a multiple party transaction such responsibility shall be that of the floor member purchasing or selling the largest number of contracts in the transaction.

(b) If any member discovers that a properly executed transaction in which he participated has not been reported or has been erroneously reported by the Exchange, he shall promptly notify the Exchange and the other party or parties to the transaction of that fact and with the approval of an authorized representative of the Exchange shall take the necessary steps, in accordance with Exchange procedures, to cause a change or correction in any transaction which has been erroneously reported or to report a transaction which was not reported when it should have been. Any transaction which is not reported in proper sequence and any changes or corrections of previously reported transactions shall include such symbol or other designation as may be required by the Exchange.]

[Rule 327. Simultaneous Execution of Buy and Sell Orders

(a) When a member has an order to buy and an order to sell the same commodity interest, he must offer above a bid price which he has established or bid below an offered price which he has established at prices differing by the minimum fraction until such bid and offer differ by the minimum fraction, and if neither such bid nor offer is accepted he may execute a transaction between the customers whose orders he holds. Such bids and offers must be by open outcry at the post designated for the trading of such commodity interest. The executing floor member shall execute such orders in the presence of the Board Broker appointed in the commodity interest and at least one registered commodities trader and, by appropriate descriptive words or symbol, clearly identify such transaction on the written record made at the time of execution, noting thereon the exact time of execution, and shall promptly submit the matched transactions to such Board Broker for verification and initialing.

(b) No member or member organization shall knowingly take, directly or indirectly, the other side of a customer's order unless the customer's prior written consent has been obtained and the order is executed in conformity with the requirements of paragraph (a) of this Rule.

(c) For the purposes of this Rule, the Board Broker appointed in the commodity interest shall be deemed to be "an official representative" of the Exchange within the meaning of Commission Regulation 1.39(a)(2).]

[Rule 328. Discretionary Transactions to be Executed by Another Member

No member acting as a floor broker shall execute any transaction for any account of another person for which buying and/or selling orders can be placed or originated, or for which transactions can be executed, by such member without the prior specific consent of the account owner, regardless of whether the general authorization for such orders or transactions is pursuant to a written agreement, except that orders for such an account may be placed with another floor

member for execution and that the provisions of this Rule shall not apply to any order for which the floor member has discretion only as to time and/or price.]

[Rule 329. Responsibility of Floor Member for Mishandling Orders

(a) If a floor member has failed to effect execution of an order, the floor member shall not be held responsible for such failure if he exercised due diligence in his efforts to effect execution.

(b) If a floor member by reason of a lack of due diligence has failed to execute an order, he shall, upon discovery of such failure, and unless instructions to the contrary have been received from the customer, execute such order at the best obtainable price. If such price is more advantageous than the price the floor member could have reasonably obtained had he executed the order at the time he should have, the customer shall receive the execution; if not, the customer shall receive such monetary adjustment as will afford the customer the equivalent of the price at which such order should have been executed. Full details of all transactions consummated hereunder shall be reported in writing to the Exchange.

(c) A claim that a floor member has failed to execute an order shall be made promptly after the party giving the order becomes aware of such failure, and in any event such claim shall be waived if not made prior to the opening on the following business day; provided that no such claim shall be waived if the floor member became aware of the failure to execute prior to the opening of trading on the following business day and failed to report the same to such party; and provided further that no such waiver shall excuse a member or member organization which has placed an order with a floor member on behalf of a customer from liability to such customer for any error or mishandling of the customer order.]

[Rule 330. Execution of Spread, Straddle and Combination Orders

When a floor member holding a spread order, a straddle order, or a combination order and bidding or offering on the basis of a total credit or debit for the order has determined that the order may not be executed by a combination of transactions with or within the bids and offers established in the marketplace, then the order may be executed as a spread, straddle, or combination at the total credit or debit with one other floor member without giving priority to either bids or offers established in the marketplace that are not better than the bids or offers comprising such total credit or debit, provided that, in executing a spread, straddle or combination order, the member executes one leg of the order at a price better than the established bid or offer for the option contract, as appropriate, and executes the other leg of the order at the established bid or offer for the option contract, as appropriate.

(b) A PBOT Member/PHLX FCO Participant wishing to initiate a foreign currency options - futures "multi-part order" may do so by following the steps given below.

(i) the initiator shall ascertain from the PBOT Member/PHLX FCO Participants in the crowd the best price at which a specific amount of the respective options could be bought (or sold) concomitantly with a sale or purchase of a stated amount of futures with the future at a given price.

- (ii) the initiator may then execute the order against the best market established by (i) above, provided that the option price is in between the individual option quote and the futures price is in between the individual futures quote.

If the initiating Participant also has an opposing match to the multi-part order, the Participant must follow steps (i) and (ii) above and must allow a reasonable amount of time for those present in the trading crowd including the Board Broker to accept the terms to the multi-part order before crossing such order.]

[Rule 331. Definition of Board Broker

A Board Broker is a member of the Exchange who is registered with the Exchange for the purposes of (a) maintaining the book with respect to orders left with him for execution in the commodity interests assigned to him; (b) effecting proper executions of such orders; (c) displaying bids and offers pursuant to Rule 335; (d) providing quotations for dissemination over the market information network provided by the Exchange; and (e) monitoring the market for the commodity interests assigned to him and maintaining orderliness in the trading crowd, provided that any member who is doing business with the public in accordance with these Rules shall be ineligible to become registered as a Board Broker. A temporary Board Broker acting as a Board Broker shall be treated as a Board Broker for all purposes of the Rules.]

[Rule 332. Registration of Board Brokers

An applicant for registration as a Board Broker shall file his application in writing with the Exchange on such form or forms as the Exchange may prescribe. The Exchange shall review such application and shall consider an applicant's ability as demonstrated by his passing a Board Broker's examination prescribed by the Exchange, and such other factors as the Exchange deems appropriate.

After reviewing the application, the Exchange shall either approve or disapprove the applicant's registration as a Board Broker. The registration of any person as a Board Broker may be suspended or terminated by the Exchange upon a determination that such person has failed to perform properly as a Board Broker.]

[Rule 333. Appointment, Termination and Suspension of Board Brokers

(a) On a form or forms prescribed by the Exchange, a registered Board Broker may indicate a preference to be appointed to act as such in one or more commodity interests. The Exchange may appoint one or more Board Brokers to act as such in each commodity interest that is approved for trading on the Exchange from among those registered as Board Brokers. The Exchange shall notify the membership of the Exchange of the appointment of a Board Broker to act as such in a commodity interest.

(b) The appointment of a Board Broker may be suspended or terminated by the Exchange at any time if any of the following occur:

- (1) The Exchange summarily suspends the registration of the Board Broker pursuant to Rule 332.
 - (2) The Exchange determines that the Board Broker is in such operating difficulty that the Board Broker cannot be permitted to continue to do business as a Board Broker with safety to traders, creditors, other members or the Exchange.
 - (3) The Exchange determines that the suspension or termination of the Board Broker's appointment would be in the public interest or protect the integrity of the market, or the liquidity or orderly liquidation of any commodity interest.
 - (4) The Board Broker or the member organization with which he is associated is suspended or expelled from the Exchange.
- (c) A member or applicant for membership adversely affected by a determination made under subparagraph (a) or (b) of this Rule may obtain review thereof by filing a petition therefor with the Board of Directors.]

[Rule 334. Obligations of Board Broker for Orders

- (a) A Board Broker shall ordinarily be expected to accept orders for all commodity interests to which his appointment extends. Such orders shall include only market orders and limit orders. A Board Broker shall not accept orders of any other type or from any source other than a member. The Exchange may specify the manner in which orders are to be routed to the Board Broker for entry into the book. All orders accepted by a Board Broker shall be time stamped by the Board Broker at the time of his receipt.
- (b) Each Board Broker or temporary Board Broker designated in accordance with Rule 337 must be at the post or assigned location on the Floor on each business day by such time and shall remain on the Floor until such time as the Exchange may direct.
- (c) A Board Broker shall use due diligence to execute the orders placed in his custody at the best prices available under the Rules of the Exchange.
- (d)(1) If a Board Broker holds orders to buy and sell the same commodity interest, and if the highest bid and lowest offer held by the Board Broker in that interest differ by more than the minimum fraction, he may cross such orders in the presence of at least one registered commodities trader and an Exchange employee from the Market Surveillance Department, provided he proceeds in the following manner:
 - (i) A Board Broker shall request bids and offers for such commodity interest and make all persons in the trading crowd aware of his request;
 - (ii) After providing an opportunity for such bids and offers to be made, he must bid above the highest bid or offer below the lowest offer at prices differing by the minimum fraction until such bid and offer differ by the minimum fraction;

(iii) If neither his bid nor his offer is taken, he may cross the orders at such higher bid or lower offer if possible, or at a price determined by the limit order to be crossed, by announcing by public outcry that he is crossing and giving the quantity and price; and

(iv) By appropriate descriptive words or symbol, the Board Broker clearly identifies such transaction on the written record made at the time of execution, noting thereon the exact time of execution and promptly submits such record to such Exchange employee from the Market Surveillance Department for verification and initialing.

(2) If a Board Broker holds orders to buy and sell the same commodity interest, and if the highest bid and lowest offer held by the Board Broker in that commodity interest differ by the minimum fraction, he shall request bids and offers for such commodity interest and make all persons in the trading crowd aware of his request and after providing an opportunity for such bids and offers to be made, he may cross such orders in the presence of at least one registered commodities trader and an Exchange employee from the Market Surveillance Department, by announcing by public outcry that he is crossing and giving the quantity and the price and, by appropriate descriptive words or symbol, clearly identifying such transaction on the written record made at the time of execution, noting thereon the exact time of execution and promptly submitting such record to such Exchange employee from the Market Surveillance Department for verification and initialing.

(e) Notwithstanding anything to the contrary in paragraph (d) of this Rule, during the opening rotation for a commodity interest, in the interests of achieving a single price opening, a Board Broker may proceed as follows:

(1) The Board Broker may match all market orders in his possession;

(2) He shall then announce by public outcry the number of contracts he has matched and will cross at the opening price to be established;

(3) He may then continue to bid or offer the remaining unmatched and unexecuted orders he has in his possession for execution during opening rotation.

(f) For the purposes of this Rule, such Exchange employee from the Market Surveillance Department shall be deemed to be an "official representative" of the Exchange within the meaning of Commission Regulation 1.39(a)(2).

• • • *Commentary:* -----

.01 A Board Broker shall not accept spread orders, straddle orders, or combination orders. Unless a Floor Official otherwise authorizes, a Board Broker shall not accept stop orders and stop limit orders.

.02 A Board Broker shall accept G.T.C. or open orders and day orders; but shall not accept any other types of time orders, such as "week" or "month" orders, or orders good until a specified time. Hence, all orders in commodity interests must be entered with a Board Broker only as G.T.C. or

open orders or as day orders. Since a Board Broker is not permitted to accept an order good until a specified time, a member or member organization receiving such an order and electing to enter it with a Board Broker shall enter the order with the Board Broker as a G.T.C. order, and such member or member organization shall be responsible for canceling the G.T.C. order at the specified time.

.03 All G.T.C. orders on a Board Broker's book shall be cancelled on such periodic dates as may be prescribed by the Exchange, unless properly confirmed or renewed as prescribed by the Exchange. G.T.C. orders that are so confirmed or renewed in the manner of their original entry, except as to partial execution or reduction in size, are entitled to retain their original order or precedence on the Board Broker's book, and he is responsible for their proper entry. G.T.C. orders that are not so confirmed or renewed, but are re-entered later, are not entitled to retain their original order of precedence; they are to be treated by the Board Broker as newly entered orders and are to be entered in the order of their receipt.

.04 A Board Broker shall accept orders, including cancellations and changes, at the opening on the same time sequence basis as pertains during the balance of the day. However, a Board Broker shall not be held for orders accepted during a time interval from five (5) minutes prior to commencement of the opening rotation in a particular commodity interest through the end of such rotation for execution of such orders at the opening.

.05 The market orders and limit orders in the custody of a Board Broker shall constitute his book. For the purposes of this Rule, the term "custody" shall mean that the order is time stamped by the Board Broker evidencing his receipt.

-----]

[Rule 334A. Low Liquidity Markets

Notwithstanding any other inconsistent Exchange Rule, in the event that any futures contract shall have had an average daily volume of 1000 or fewer contracts per day during the previous calendar quarter, the following shall apply to such contract:

(a) The Board Broker may, notwithstanding any other inconsistent Exchange Rule, receive and execute orders from members, including executing orders of members against one another as well as, when there are no orders on the book or competing bids and offers in the trading crowd, against the Board Broker's own or proprietary accounts.

(b) The provision of Rule 331(e), stating that any member who is doing business with the public in accordance with these Rules shall be ineligible to become registered as a Board Broker, shall not apply.

(c) The Board Broker in such contracts shall not be required to pass an examination prescribed by the Exchange pursuant to Exchange Rule 332. The appointment of the Board Broker need not be conditional upon the Board Broker's designation of a temporary board broker pursuant to Rule 337, Temporary Board Brokers, Commentary .01.]

[Rule 335. Announcing Bids and Offers on Book

A Board Broker shall announce by public outcry the highest bid and lowest offer on his book having priority (or on parity with bids or offers in the crowd), along with an indication of the number of contracts bid for at the highest bid and offered at the lowest offer, in each commodity interest for which he is acting as a Board Broker.]

[Rule 336. Disclosure of Orders

Except for the bids and offers that he announces in accordance with Rule 335, no Board Broker shall, directly or indirectly, disclose to any person other than a designated official of the Exchange any information in regard to the orders entrusted to him.

••• *Commentary:* -----

.01 It shall not be deemed a violation of this Rule for a Board Broker to give a floor member a reasonable indication of where his order stands in priority among the orders displayed pursuant to Rule 335.

-----]

[Rule 337. Temporary Board Brokers

A Board Broker may temporarily designate another Board Broker to take or share a book or books of such Board Broker. The designated Board Broker shall, while he is in possession of such book or books, stand in the same relationship to the book or books as the Board Broker who made the designation.

••• *Commentary:* -----

.01 All appointments as Board Broker shall be conditional upon the Board Broker's designation of a temporary Board Broker who is a member associated with the same member organization as the Board Broker and who is acceptable to the Exchange.

-----]

[Rule 338. Board Broker's Employees

A Board Broker may, with the approval of the Exchange, employ one or more Assistant Board Brokers who are members associated with the same member organization as the Board Broker,

and may regularly employ a clerk or clerks to assist him on the Floor of the Exchange. No such non-member employee may effect an Exchange transaction.]

[Rule 339. Liability of Exchange for Actions of Board Brokers

The Exchange shall not be liable to its members and member organizations and any successors or representatives thereof or any persons associated therewith or any customers thereof for any claim arising out of any error or omission of a Board Broker or a person associated with a Board Broker, a temporary Board Broker or assistant or clerk of any Board Broker and no assets of the Exchange shall be applied or shall be subject to any such liability.]

[Rule 340. Execution Reports by Board Brokers

If a Board Broker shall fail to send an execution report with respect to an order which he executed or should have executed and the member or member organization giving the Board Broker such order shall have made a written request to the Board Broker for a report by 12:00 P.M. on the business day following the day on which such order was executed or should have been executed, the Board Broker shall be responsible for any loss which may be sustained until such time as he answers the request.

• • • *Commentary:* -----

.01 A report shall be deemed to have been sent by a Board Broker if he has available a CENTRAMART confirmation prepared by the Exchange.

.02 Members and member organizations expecting reports should make written requests for reports promptly; a duplicate copy of such request must be stamped and retained by the member or member organization as a record that the request has been made.

.03 In the event a report has not been sent by a Board Broker with respect to an order which he executed or should have executed and the member or member organization leaving such order with the Board Broker for execution makes a written request to the Board Broker for a report later than 12:00 P.M. on the business day following the day on which such order was executed or should have been executed, the Board Broker shall not be responsible for any loss sustained.

-----]

[Rule 341. Registered Commodities Trader

(a) No member shall initiate a transaction in a commodity interest, while on the Floor, for an account in which he or his member organization has an interest unless he is registered as a registered commodities trader ("RCT") with the Exchange and unless the Exchange has approved of his so acting as an RCT and such registration has not been suspended or such approval has not been withdrawn. An RCT may withdraw his registration upon approval of the Exchange, based

upon a written request filed with the Exchange by the RCT at least five (5) business days prior to such proposed withdrawal.

(b) Any member seeking to act as an RCT shall satisfy the following requirements:

- (1) Submit an application in a form prescribed by the Exchange, if required, and comply with the registration of requirements of Rule 305.
- (2) Pass a written examination prescribed by the Exchange, if required.
- (3) In addition to such financial requirements as the Exchange may prescribe for his other activities, comply with the financial requirements for RCTs set forth in Rule 202.

(c) If an RCT shall at any time fail to comply with the applicable financial requirements specified in Rule 202, his registration as an RCT shall be automatically suspended, and he shall immediately notify the Exchange in writing of his failure to comply. Such suspension shall continue until and unless his registration as an RCT has been reinstated by the Exchange.]

[Rule 342. Restrictions on Registered Commodities Traders

(a) An RCT may not initiate on the Floor of the Exchange a transaction for an account in which he or his member organization has an interest and execute as broker an off-Floor order or an order received from another floor member in the same commodity interest during the same session.

(b) The foregoing provisions of this Rule and of Rule 341 shall not apply to any transaction to offset a transaction made in error.

(c) For the purposes of this Rule and Rule 341, the term "on the Floor" means the Trading Floor of the Exchange; the rooms, lobbies and other premises immediately adjacent thereto made available by the Exchange for use by members generally; other rooms, lobbies and premises made available by the Exchange primarily for use by members generally; and the telephone and other facilities in any such place.

(d) The provisions of this Rule and Rule 341 do not apply to transactions initiated by an RCT for an account in which he has an interest unless such transactions are either initiated by him while on the floor or unless such transactions, although originated off the Floor, are deemed on-Floor transactions under the provisions of this Rule and Rule 341. An off-Floor order for an account in which a member has an interest is to be treated as an on-Floor order if it is executed by the member who initiated it. In addition to transactions originated on the Floor by an RCT for an account in which he has an interest, the following transactions are considered on-Floor trading for the purposes of this Rule and Rule 341 and subject to all the restrictions on RCTs:

- (1) Any transaction for an account in which an RCT has an interest if such transaction is initiated off the Floor by such trader after he has been on the Floor during the same day.
- (2) Any transaction for the account of a member organization with which the RCT is associated:

- (i) which results from an order entered off the Floor following a conversation relating thereto with a member on the Floor who is associated with such member organization; or
- (ii) which results from an order entered off the Floor following the unsolicited submission from the Floor to the office of a quotation in a commodity interest and the size of the market by a member on the Floor who is associated with such member organization; or
- (iii) which results from an order entered off the Floor which is executed by a member on the Floor who is associated with such member organization and who had handled the order on a "not-held" basis; or
- (iv) which results from an order entered off the Floor which is executed by a member on the Floor who is associated with such member organization and who has changed the terms of the order.

(e) An on-Floor order given by an RCT to another floor member, for an account in which the RCT or his member organization has an interest is subject to all the rules restricting RCTs.

• • • *Commentary:* -----

.01 All orders of an RCT acting in his capacity as such which are given to another floor member or a Board Broker for execution shall be clearly marked by the RCT in a manner prescribed by the Exchange (i) to indicate that such orders are for an account in which an RCT or his member organization has an interest, and (ii) to indicate that such orders are subject to the provisions of Rule 342.

.02 The executing floor member or Board Broker who is given a properly marked order by an RCT shall have the responsibility to ensure, to the extent practicable, that such order is executed in the appropriate manner.

.03 An Exchange member holding an order for an RCT may not be held to the market at a particular price if the execution of the order at that price would contravene Rule 342.

-----]

[Rule 343. Reserved.

Reserved.]

[Rule 344. Floor Broker

No member shall act as a floor broker on the Exchange unless, in addition to such financial requirements as the Exchange may prescribe for his other activities, he or, in the case of a member organization affiliated with a member that is registered as a floor broker, his member

organization complies at all times with the financial requirements for floor brokers specified in Rule 202.]

[Rule 345. Access to Floor by Customers

(a) No person other than a member or a member organization of the Exchange may place an order for a commodity interest with a floor broker, except that a customer of a clearing member may place an order for a commodity interest with a floor broker giving up the name of such clearing member, provided that the clearing member has authorized such floor broker in writing to accept orders from such customer giving up such clearing member's name, has furnished the floor broker with a copy of such written authorization and has filed or caused to be filed a copy of such authorization with the Exchange and such authorization has not been cancelled.

(b) Any authorization described in paragraph (a) of this Rule shall remain in effect until the Exchange receives written notice from the clearing member of its intent to cancel. Written notice of intent to cancel received by the Exchange at least one-half hour prior to the normal opening of trading shall become effective on the day of receipt; written notice of intent to cancel received by the Exchange less than one-half hour prior to the normal opening of trading shall not become effective until the opening of trading on the next business day following its receipt by the Exchange. A cancellation shall in no way relieve a clearing member of responsibility for transactions authorized prior to the effectiveness of the cancellation.

(c) For the purposes of this Rule, the term "customer" does not include a member or member organization of the Exchange or any person registered as a futures commission merchant or an introducing broker.]

[Rule 346. Confirmation with Opposite Floor Member

Any floor member executing a trade on the Floor shall promptly confirm with the opposite floor member the price or premium, quantity, future or option and respective clearing member. Such confirmation shall be evidenced by a CENTRAMART confirmation prepared by the Exchange.]

[Rule 347. General Comparison and Clearance Rule

Each transaction in a commodity interest shall be reported at the time of execution to the Exchange for comparison of trade information at the post assigned to such commodity interest by the Exchange and all compared transactions shall be cleared through the Clearing Corporation and shall be subject to the By-Laws and Rules of the Clearing Corporation.]

[Rule 348. Responsibility of Clearing Members for Exchange Transactions

Every clearing member shall be responsible for the clearance of the Exchange transactions of such member organization and of each member or member organization who gives up the name of such clearing member in an Exchange transaction, provided that the clearing member has authorized such member or member organization to give up its name with respect to Exchange transactions.]

[Rule 349. Filing of Trade Information

At the time of execution, each clearing member shall be responsible for supplying to the Exchange trade information in a form prescribed by the Exchange, covering each transaction effected on the Exchange during said business day for which such clearing member is responsible. The trade information shall show for each transaction (1) the identity of the purchasing clearing member and the selling clearing member given up at the time of execution, (2) the underlying commodity, (3) if an option contract, the exercise price and whether a put or call, (4) the expiration date or delivery month, (5) the number of contracts, (6) the price or premium, (7) whether a purchase or a sale transaction, (8) whether an opening or closing transaction, (9) the identity of the account of the clearing member in which the transaction was effected, and (10) such other information as may be required by the Exchange. Each clearing member shall be responsible to the Exchange in respect of all trade information filed with the Exchange on such form prescribed by the Exchange.]

[Rule 350. Verification of Contracts and Reconciliation of Uncompared Trades

At the time of execution, a carbon copy trade contract will be printed and distributed by the Exchange to the respective purchasing and selling members. Promptly upon receipt of such contract, a clearing member shall be obligated to verify the information shown on the contract, to reconcile all uncompared trades and advisory trades shown on the uncompared trade contract and to report all reconciliations, corrections and adjustments to the Exchange in accordance with such procedures as may be established by the Exchange from time to time. Such reconciliation report shall be filed with the Exchange prior to such cut-off hour as the Exchange may prescribe and shall be binding on the clearing member on whose behalf it is filed. The Exchange will consider all trades as executed and compared as of such cut-off hour.]

[Rule 351. Reporting of Compared Trades to Clearing Corporation

On each business day at or prior to such time as may be prescribed by the Clearing Corporation, the Exchange shall furnish the Clearing Corporation a report of each clearing member's compared trades based on the comparison service performed by the Exchange on that day. Only trades which have been compared in accordance with the provisions of Rule 347 shall be furnished by the Exchange to the Clearing Corporation and the Exchange shall assume no responsibility with respect to any uncompared trade nor for any delays or errors in the reporting of trades for comparison.]

[Rule 352. Maintaining Office and Filing Signatures

Every clearing member shall maintain an office at a location approved by the Exchange for the purpose of comparing Exchange transactions. Any such member organization may use for the purpose of these Rules the office of another clearing member, provided that such use is pursuant to a written agreement approved by the Exchange. There shall be present at such office, between such hours as the Exchange shall from time to time fix, on every business day a representative of the member organization authorized to sign in the name of the member organization all instruments and transact all business requisite in connection with the comparison of Exchange transactions. Each such member organization shall file with the Exchange, in such form as the

Exchange shall prescribe, a certified list of signatures of its representatives who are authorized to sign instruments and transact all business necessary for conducting comparison of Exchange transactions.]

[Rule 353. Option Contracts to be Traded on the Exchange

No member or member organization of the Exchange shall transfer, assign or otherwise dispose of any option contract other than in a transaction executed on or subject to the Rules of the Exchange.]

[Rule 354. Reserved.

Reserved.]

[Rule 355. Liquidation of Option Positions

Whenever the Exchange shall determine that a person or group of persons acting in concert holds or controls, or is obligated in respect of, an aggregate position (whether long or short) in option contracts of a class of options dealt in on the Exchange in excess of the position limit established by the Exchange for such class of options, the Exchange may direct all members and member organizations carrying a position in option contracts of such class for such person or persons to liquidate all or a portion of such positions as expeditiously as possible consistent with the maintenance of an orderly market. Whenever such a directive is issued by the Exchange, no member or member organization receiving notice thereof shall accept any order to purchase, sell or exercise any option contract for the account of the person or persons named in such directive, unless in each instance express approval therefor is given by the Exchange, or until such directive is rescinded. For the purpose of this Rule, positions in any option contract shall be aggregated pursuant to the aggregation standard set forth in Rule 1008(e).]

[Rule 356. Regulation of Transactions in Deep-Out-of-the-Money Options

(a) The Exchange may, from time to time, require members and member organizations to submit reports relating to transactions in deep-out-of-the-money option contracts.

(b) The term "deep-out-of-the-money option contracts" shall mean, with respect to Eurodollar Time Deposit Option Contracts, any series of Eurodollar Time Deposit Option Contract that has an exercise price above (in the case of a call) or below (in the case of a put) the PBOT Eurodollar Reference Price as calculated by the Exchange pursuant to Rule 1007 at 3:00 P.M. on the preceding business day by an amount that equals or exceeds 1.50 points.]

[Rule 357. Collection of Option Premiums

The Clearing Corporation shall obtain from each of its clearing members, each clearing member shall obtain from each person for whom it clears commodity option transactions, and each futures commission merchant shall obtain from each of its option customers at the time of settlement of an option transaction in which such person is a purchaser, the full amount of the option premium involved in such transaction.]

[Rule 358. Reserved.

Reserved.]

[Rule 359. Reporting of Option Positions

(a) No member or member organization which is a futures commission merchant may carry an omnibus account for another futures commission merchant or foreign broker unless, with respect to each account for which a Eurodollar option contract is carried in the omnibus account, such other futures commission merchant or foreign broker reports to the member or member organization the information which the member or member organization must report to the Exchange sufficiently in time to enable such member or member organization to comply with the Exchange's reporting requirements.

(b) A member or member organization which is furnished information pursuant to paragraph (a) of this Rule shall report such information to the Exchange in accordance with the requirements of Rule 1013.]

[Rule 360. Allocation of Option Exercise Notices

(a) Each member or member organization shall establish fixed procedures for the allocation of exercise notices assigned in respect of short option positions in the customers' accounts of such member or member organization. Such allocation shall be made on a "first-in, first-out" or automated random selection basis that has been approved by the Exchange or on a manual random selection basis that has been specified by the Exchange. Each member or member organization shall inform its customers in writing of the method it uses to allocate exercise notices to its customers' accounts, explaining its manner of operation and the consequences of that system.

(b) Each member or member organization shall report its proposed method of allocation to the Exchange and obtain the Exchange's prior approval thereof, and no member or member organization shall change its method of allocation unless the change has been reported to and approved by the Exchange. The requirements of this paragraph shall not be applicable to allocation procedures submitted to and approved by another contract market having comparable standards pertaining to methods of allocation.

(c) Each member or member organization shall preserve for a five-year period sufficient workpapers and other documentary materials relating to the allocation of exercise assignment notices to establish the manner in which allocation of such notices is in fact being accomplished.

(d) Each member or member organization shall notify a customer of an exercise notice that has been assigned to it in respect of a short option position in the customer's account with the member or member organization.]

[Rule 361. Reserved.

Reserved.]

[Rule 362. Registration of Broker Associations

Pursuant to Commission Regulation 156.2, a member of a broker association may not receive or execute an order unless the broker association is registered with the Exchange within ten days of establishing the broker association relationship. Information must be updated and provided within ten days of any change.

Registration shall be on a form prescribed by the Exchange and shall include the following, if applicable: name; form of organization (*e.g.*, partnership, corporation, trust); name of each member and persons with a beneficial interest in the association; each member's badge symbol and number; account numbers for each member's accounts, including those in which a member has an interest or controls; identification of other broker association with which the member is associated; and name of the individual authorized to represent the association in connection with its registration obligations.]

[Rule 363. Reserved.

Reserved.]

[Rule 364. Manipulation/Cornering Prohibited

It shall be a violation of the Rules of the Exchange for any member, or any member organization, to manipulate, or attempt to manipulate, the price of, or to corner, any commodity traded on the Exchange.]

[Rule 365. Exchange Recordkeeping

The Exchange shall comply with the recordkeeping requirements applicable to designated contract markets pursuant to Commission Rule 1.35, Records of cash commodity, futures, and option transactions, subject to the terms of the no-action letter issued by the Commodity Futures Trading Commission, Division of Trading and Markets, to the Exchange dated August 24, 1992. The Exchange shall maintain records as required by Commission Rule 1.31, Books and records; keeping and inspection.]

[Rule 366. References to Commission Rules

Wherever the context permits, all references in the Exchange's rules to Commission rules include any successor Commission rules.]

[Rule 367. Simultaneous Buy and Sell Orders For the Same Beneficial Owner Prohibited

No person shall accept from, or place for, the same beneficial owner simultaneous buy and sell orders for the same product and expiration month, and, for a put or call option, the same strike price.]

* * * * *