

June 14, 2013

VIA E-MAIL

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

**RE: Regulation 40.6(a) Rule Certification. Chicago Mercantile Exchange Inc., The Board of Trade of the City of Chicago, Inc., New York Mercantile Exchange, Inc. and Commodity Exchange, Inc.
Submission # 13-230: Revisions to Various CME, CBOT, NYMEX and COMEX Rules**

Dear Ms. Jurgens:

Chicago Mercantile Exchange Inc. ("CME"), The Board of Trade of the City of Chicago, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX") (collectively, the "Exchanges") are notifying the Commission that they are self-certifying revisions to various rules which will become effective on July 1, 2013. The revisions are being adopted for various reasons as explained in more detail below.

Definitions Section

The definition of CME Group Inc. in the Definitions Section of each Rulebook is being modified to add a reference to the Board of Trade of Kansas City, Missouri, Inc. ("KCBT").

Chapter 4 ("Enforcement of Rules")

Rule 400 ("General Provisions") is being modified in each Rulebook to eliminate a category of market participants identified as a Member for purposes of Chapter 4 that was adopted in 2012 in connection with each Exchange's adoption of new Rule 418 ("Consent to Exchange Jurisdiction"). The inclusion of all market participants subject to the jurisdiction of the Exchange in Rule 400 is unnecessary and has led to a lack of clarity with respect to certain rules that are specifically applicable to Exchange members and members firms. The removal of the category in Rule 400 has resulted in revisions to multiple other rules in Chapter 4 to modify references from Member to party. Unless otherwise noted below, the revisions to Rules 401, 402, 406, 407, 408, 413, 414, 432, 433 and 444 as a result of the elimination of the category in Rule 400. Additionally, CME and CBOT Rule 400 is additionally being modified to include a reference to KCBT Permit Holders given the July 1 transition of the KCBT trading floor from Kansas City to Chicago.

Rule 401 ("The Chief Regulatory Officer") is being modified in each Rulebook to eliminate a reference to actions against nonmembers pursuant to Rule 402.D. as a result of the elimination of Rule 402.D.

Rule 402 ("Business Conduct Committee") is being modified in each Rulebook to eliminate Section D. ("Actions Against Non-Members") given the earlier adoption of Rule 418 which definitively states that all market participants that initiate or execute a transaction on the Exchange are directly subject to the Exchange's jurisdiction for the purpose of the disciplinary procedures set forth in the rules. As a result of the elimination of Rule 402.D., certain disciplinary actions formerly located in that Section have been added to Section B. ("Sanctions").

Rule 403 (“Clearing House Risk Committee”) is being revised in each Rulebook to modify references to the Audit Department as a result its title being changed to the Financial and Regulatory Surveillance Department.

Chapter 5 (“Trading Qualifications and Practices”)

Rule 501 (“Employees of Members”) in the CME and CBOT Rulebooks is being modified to expand the restriction on trading by nonmember employees to include trades in KCBT products.

Rule 507 (“Electronic Devices”) is being revised in each Rulebook to eliminate the prohibition on the use of the non-telephonic capabilities of personal electronic devices for business purposes on the trading floors. The revisions make clear that Members must keep full, complete and systematic records of the information sent or received by such devices in accordance with CFTC Regulations 1.31 and 1.35.

Rule 512 (“Reporting Infractions”) is being revised in each Rulebook to extend the rule’s applicability to nonmember individuals and firms that are subject to the jurisdiction of the Exchange and that have responsibility under Exchange rules for reporting accurate, complete and timely information to the Exchange or CME Clearing. The changes will allow, where appropriate, for summary fines to be imposed on nonmembers which will allow such infractions to be addressed more efficiently than by taking such matters through the more protracted non-summary disciplinary process. A revised Market Regulation Advisory Notice concerning Rule 512 will be separately self-certified and released to the marketplace prior to the effective date of the rule revisions.

Rule 525 (“Changers”) is being eliminated from the CBOT Rulebook. No CBOT Clearing Members have been registered as Changers for quite some time and current CBOT Rule 855 (“Offsetting Mini-Sized and Full-Sized Futures Positions”) has rendered Rule 525 unnecessary.

Rule 536 (Recordkeeping Requirements for Pit, Globex and Negotiated Trades”) is being modified in each Rulebook to eliminate the detailed list of information required to be maintained with respect to the audit trail of order routing/front-end systems connecting to CME Globex. Given that the requirements are subject to revisions as regulatory requirements evolve, they are being moved to a Market Regulation Advisory Notice attendant to the Rule that will be separately self-certified and released to the marketplace prior to the effective date of the rule revisions. Additionally, Section H. (“Retention of Records”) is being modified to be consistent with the language in recently revised CFTC Regulations 1.31 and 1.35.

Chapter 8 (“Clearing House and Performance Bonds”)

Rule 811 (“Position Change Data”) is being revised in each Rulebook to modify references to the Audit Department as a result its title being changed to the Financial and Regulatory Surveillance Department.

The revisions appear in Exhibit A, with additions underscored and deletions overstruck and will become effective on July 1, 2013.

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

Compliance with Rules: This Core Principle requires the Exchanges to have the capacity to apply appropriate sanctions to any person that violates the rules. The revisions to Rule 512 to expand the application of the rule to nonmembers who have reporting obligations to the Exchange will ensure that the Exchanges maintain adequate sanctioning authority concerning reporting infractions.

Disciplinary Procedures: The revisions being adopted in Chapter 4 of each Rulebook are intended to eliminate a lack of clarity with respect to the term “Member” as used in the Chapter, and to adopt the use of “party” as opposed to “Member” where applicable. Given the adoption of Rule 418 in 2012, all parties that initiate or execute a transaction in an Exchange product are

directly subject to the jurisdiction of the Exchange, including for purposes of Exchange disciplinary procedures, so the inclusion of those parties in the definition of Member is unnecessary.

The Exchanges certify that the rule revisions in Exhibit A comply with the Act and regulations thereunder. There were no opposing views to this proposal.

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

If you have any questions regarding this submission, please contact Robert Sniegowski, Market Regulation, at 312.341.5991 or via email at Robert.Sniegowski@cmegroup.com. Alternatively, you may contact me at 212.299.2299 or via email at Christopher.Bowen@cmegroup.com. Please reference CME/CBOT/NYMEX/COMEX Submission # 13-230 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A – Revisions to CME, CBOT, NYMEX and COMEX Rules

Exhibit A

CME/CBOT/NYMEX/COMEX

Definitions

CME GROUP INC.

CME Group or CME Group Inc. is a holding company and the parent of CME, CBOT, ~~and~~ NYMEX and KCBT.

Chapter 4

Enforcement of Rules

401. THE CHIEF REGULATORY OFFICER

It shall be the duty of the Chief Regulatory Officer to enforce Exchange Rules, and he shall have available to him at all times the resources of the Market Regulation Department and such other Exchange resources as may be necessary to conduct investigations of potential or alleged Rule violations and market conditions. The Chief Regulatory Officer shall have the authority to inspect the books and records of all parties subject to the jurisdiction of the Exchange pursuant to Rule 418 ~~Members~~ and the authority to require any such party ~~Member~~ to appear before him and produce his or its books and records and answer questions regarding alleged violations of Exchange Rules, at the time, place and in the manner he designates. ~~The Chief Regulatory Officer shall have the authority to investigate and pursue disciplinary action against any non-member pursuant to Rule 402.D.~~ The Chief Regulatory Officer may also delegate his authority to staff of the Market Regulation Department.

403. CLEARING HOUSE RISK COMMITTEE

403.A. Jurisdiction and General Provisions

The Clearing House Risk Committee (or any subcommittee thereof) (collectively, "CHRC"), shall determine whether an applicant satisfies the qualifications for status as a Clearing Member. The CHRC decision shall be subject to appeal to the Board by an applicant. The CHRC may adopt regulations regarding qualifications for admission to membership in the Clearing House, which regulations, when approved by the Board, shall have the same effect as Rules of the Exchange. The CHRC shall act upon applications for clearing membership and applications for assignment of trading rights for clearing purposes. Applications for clearing membership and for assignment of trading rights for clearing purposes, when approved by the CHRC, shall be effective and thereafter ratified by the Board.

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

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

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

1. Order the Clearing Member or its customers to deposit such additional performance bond with the Clearing House as deemed appropriate to protect the integrity of open contracts;
2. Prescribe such additional capital or other financial requirements as it deems appropriate;
3. Impose position limits on Clearing Members based on their regulatory capital and such other criteria as it deems appropriate;
4. Suspend a Clearing Member, subject to approval of any two of the following individuals: the Chief Executive Officer, the President, the President of the Clearing House, the Chairman of the Board, the Chairman of the CHRC or the Chief Operating Officer; and/or
5. Order the Clearing Member to cease and desist from the conduct found to be contrary to the best interests of the Exchange. And/or
6. Any other circumstance which may have a severe, adverse effect upon the functioning of the Exchange, except that declarations of Force Majeure and actions taken with respect to such declarations will be governed by the provisions of Rule 701.

No person shall serve on the CHRC unless he has agreed in writing that he will not publish, divulge, or make known in any manner, any facts or information regarding the business of any person or entity or any other information which may come to his attention in his official capacity as a member of the CHRC, except when reporting to the Board or to a committee concerned with such information or to the Legal

Department, [Financial and Regulatory Surveillance Audit](#) Department or Market Regulation Department, when requested by the CFTC or other governmental agency or when compelled to testify in any judicial or administrative proceeding.

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

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

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

Notwithstanding anything to the contrary herein, the jurisdiction of the CHRC shall not extend to IRS Products or IRS Clearing Members in such capacity when clearing IRS Products. The IRS Risk Committee shall have jurisdiction over IRS Products and IRS Clearing Members in such capacity when clearing IRS Products pursuant to the IRS Risk Committee's charter.

403.B. Offers of Settlement

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

If the [Financial and Regulatory Surveillance Audit](#) or Market Regulation Department does not oppose the respondent's offer of settlement, the respondent's written offer of settlement and the [Financial and Regulatory Surveillance Audit](#) or Market Regulation Department's supporting statement shall be submitted to the CHRC for consideration.

If the [Financial and Regulatory Surveillance Audit](#) or Market Regulation Department opposes an offer of settlement, the respondent's written offer and the [Financial and Regulatory Surveillance Audit](#) or Market Regulation Department's written opposition shall be submitted to the CHRC. The CHRC's consideration of the offer of settlement shall be based upon the written offer and opposition filings, as well as the evidence presented to the CHRC in determining to issue the charges.

[The remainder of the Rule is unchanged.]

407. INVESTIGATION, ASSIGNMENT FOR HEARING AND NOTICE OF CHARGES

The Market Regulation Department shall investigate potential or alleged Rule violations. Investigations and all information and documents obtained during the course of an investigation shall be treated as non-public and confidential and shall not be disclosed by any party, except as necessary to further an Exchange investigation or as required by law. The Market Regulation Department is authorized to take recorded interviews pursuant to an Exchange investigation. Parties and witnesses being interviewed shall have the right to representation, at their own cost, by legal counsel or anyone other than a member of any Exchange disciplinary committee, a member of the Board, an employee of CME Group or a person related to the investigation.

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

Upon conclusion of an investigation, the Market Regulation Department may issue a warning letter to any party as a result of the investigation. Such letter shall not constitute either the finding of a Rule violation or a penalty.

Production of the investigation report to a PCC Panel shall not constitute a waiver of the protected and/or privileged nature of such report. The Market Regulation Department's presentation to the PCC Panel shall not constitute an ex parte communication as described in Rule 417.

407.A. Investigation File

The Market Regulation Department shall maintain a file once an investigation is initiated. The file shall include any materials in the possession of the Market Regulation Department that are relevant to the conduct being investigated. A ~~partyMember~~ charged with a violation of the Rules shall have the right to review the evidence in the investigation file relevant to the issued charges, provided, however, that protected attorney work product, attorney-client communications and investigative work product, including, but not limited to, the investigation report and any exception reports, are neither discoverable by a respondent in disciplinary proceedings nor subject to review by a respondent as part of the investigation file. In its sole discretion, the Market Regulation Department may assign the costs of copying and producing evidence in an investigation file to the ~~partyMember~~ requesting the evidence. A ~~partyMember~~ may petition the assigned BCC Hearing Panel Chair in writing, pursuant to Rule 408.B.1., for an order compelling the production of evidence not contained in the investigation file that it reasonably believes is relevant to the issued charges. The Market Regulation Department shall have a reasonable opportunity to respond, in writing, to the ~~party'sMember's~~ motion.

[The remainder of the Rule is unchanged.]

408. CONDUCT OF HEARINGS

408.A. General

All disciplinary proceedings conducted before a panel of the BCC or before a hearing panel of the Board of Directors (collectively, "Panel") shall be conducted in accordance with the following procedures.

Hearings shall be fair. The respondent shall have the right to appear personally at the hearing and to be represented at his own cost by legal counsel or anyone other than a member of any Exchange disciplinary committee, a member of the Board, an employee of CME Group or a person related to the investigation. The Panel or the Hearing Panel Chair shall have the power to compel any party subject to its jurisdiction pursuant to Rule 418~~Member~~ to attend, testify and/or produce evidence in connection with the hearing.

[The remainder of the Rule is unchanged.]

413. SUMMARY ACCESS DENIAL ACTIONS

413.A. Authority to Deny Access

The Chief Regulatory Officer or his delegate, upon a good faith determination that there are substantial reasons to believe that such immediate action is necessary to protect the best interests of the Exchange, may order that ~~Members be:~~ 1) any party be denied access to any or all CME Group markets; 2) any party be denied access to the Globex platform; 3) any party be denied access to any other electronic trading or clearing platform owned or controlled by CME Group; or (4) any Member be immediately removed from any trading floor owned or controlled by CME Group.

~~Non-members may be denied access to any or all CME Group markets or be denied access to the Globex platform or any other electronic trading or clearing platform owned or controlled by CME Group by the Chief Regulatory Officer or his delegate upon a good faith determination that there are substantial reasons to believe that such immediate action is necessary to protect the best interests of the Exchange.~~

413.B. Notice

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

413.C. Hearing

~~PartiesMembers~~ shall have the right to representation, at their own cost, by legal counsel or anyone other than a member of any Exchange disciplinary committee, a member of the Board, an employee of CME Group or a person related to the investigation. The Panel shall conduct a de novo hearing solely on the issue of the denial of access in accordance with the procedures in Rule 408. Filing of a notice of intent pursuant to Rule 413.B. shall not stay the Chief Regulatory Officer's decision to deny access.

[The remainder of the Rule is unchanged.]

414. INVESTIGATIONS BY OTHER SELF-REGULATORY ORGANIZATIONS

If a self-regulatory organization that is a party to an information sharing agreement with the Exchange requests assistance in connection with an investigation, the Chief Regulatory Officer may direct a party subject to the jurisdiction of the Exchange pursuant to Rule 418~~Member~~ to submit to an examination by the requesting self-regulatory organization and to produce information pertinent to that investigation.

The request for assistance shall describe the investigation, explain why Exchange assistance is necessary and describe the scope of assistance sought. An order directing a [party subject to the jurisdiction of the Exchange pursuant to Rule 418](#)~~Member~~ to submit to an examination shall be issued unless the Chief Regulatory Officer determines that such order would not be in the best interests of the Exchange. An examination pursuant to such order shall be conducted according to Exchange Rules and shall be conducted on Exchange premises under the direction of Exchange staff. At the discretion of the Chief Regulatory Officer, representatives of the requesting self-regulatory organization may observe and participate in the examination. Failure to comply with an order issued under this Rule shall be an offense against the Exchange.

432. GENERAL OFFENSES

It shall be an offense:

[A. – T. are unchanged.]

- U. except where a power of attorney or similar document has been executed pursuant to Rule 956, for [any party](#)~~Member~~ to accept or transmit a customer order which has not been specifically authorized;
- V. to be expelled from a U.S. or foreign designated commodities or securities exchange;
- W. for [any party](#)~~Member~~ to fail to diligently supervise its employees and agents in the conduct of their business relating to the Exchange;

[The remainder of the Rule is unchanged.]

433. STRICT LIABILITY FOR THE ACTS OF AGENTS

Pursuant to Section 2(a)(1)(B) of the Commodity Exchange Act, and notwithstanding Rule 432.W., the act, omission, or failure of any official, agent, or other person acting for any [party](#)~~Member~~ within the scope of his employment or office shall be deemed the act, omission or failure of the [party](#)~~Member~~, as well as of the official, agent or other person who committed the act.

444. SANCTIONS AND RESTITUTION ORDERS

Disciplinary fines and restitution orders issued by an Exchange disciplinary committee must be submitted to the Market Regulation Department no later than the date specified in the notice of decision. An individual who fails to provide proof of payment within the time prescribed will forfeit the following privileges until the payment has been received by the Market Regulation Department: 1) access to all CME Group markets; 2) access to the Globex platform; and 3) access to any other electronic trading or clearing platform owned or controlled by CME Group. Any member firm that fails to make the required payment within the time prescribed will automatically forfeit preferred fee treatment for its proprietary trading until the payment has been received by the Market Regulation Department. Any [party](#)~~Member~~ that fails to pay a disciplinary fine or restitution order within the prescribed time period may also be subject to sanctions pursuant to Rule 432.S.

[Parties](#)~~Members~~ may, subject to a determination by the sanctioning entity, be liable for unpaid fines or unpaid restitution orders imposed upon their employees.

507. ELECTRONIC DEVICES

507.A. General Provisions

The use of any electronic device on the trading floor is prohibited unless such device and/or usage has been permitted by the Exchange. For purposes of this rule, the term “electronic device” shall mean any type of voice or data communications interface, including but not limited to a computer, headset, hand-held device, microphone or telephone. No Member (as defined in Rule 400) shall permit others to use any electronic device unless such use has been permitted by the Exchange. ~~Members using a permitted electronic device on the trading floor for permissible business purposes must retain any required audit trail data in accordance with applicable Exchange rules and CFTC regulations.~~

507.B. Terms and Conditions of Use

The Exchange may, in its sole discretion, impose restrictions on the use of any ~~permitted~~ electronic device by any Member. The Exchange may limit, suspend or terminate any Member's right to use any ~~permitted~~ electronic device at any time, without prior notice and without any liability to the Exchange.

The Exchange shall have the right, at any time, to audit the use of any ~~permitted~~ electronic device by any Member.

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

Electronic devices that are not issued by the Exchange must not interfere with any Exchange system.

507.C. Electronic Surveillance

The Exchange may intercept and record any electronic communication received or sent from the trading floor to ensure compliance with Exchange Rules. Exchange ~~M~~members, their employees, and all others who are granted access to the trading floor consent, as a condition of their membership, employment, or access to the floor, to the interception, recording, and use of any such communication.

507.D. Personal Electronic Devices

The telephonic capabilities of personal electronic devices may not be used for business purposes anywhere on the trading floor, but may be used on the trading floor for non-business purposes. Personal electronic devices may be used to send or receive email, text or instant messages for permissible business purposes provided that the Member complies with the requirements of Section E. of this rule. ~~Unless permitted pursuant to Section A. above, personal electronic devices including, but not limited to, cell phones, personal digital assistants (PDAs) and other devices with email, instant messaging or other similar capabilities may be used on the trading floor only for non-business purposes.~~

507.E. Retention of Records

In using any electronic device in accordance with the provisions of this Rule, Members must keep full, complete and systematic records of the information sent or received by such devices in accordance with CFTC Regulations 1.31 and 1.35. Such records must be kept in their native file format for a period of five years from the date they are created.

507.~~E~~F. Cameras and Video Equipment

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

512. REPORTING INFRACTIONS

512.A. General

All data, records and other information required by the rules to be reported to the Exchange or the Clearing House, as applicable, must be submitted in an accurate, complete and timely manner.

512.B. Sanctions

~~1. Except as otherwise provided in Rule 536, the Chief Regulatory Officer or his designee shall have the authority to impose summary fines on parties who have consented to the jurisdiction of the Exchange pursuant to Rule 418 members and member firms not to. Summary fines shall not~~ exceed \$5,000 per offense for individuals ~~members~~ or \$10,000 per offense for ~~member~~ firms for the inaccurate, incomplete or untimely submission of data, records or information required to be submitted to the Exchange or the Clearing House.

2. ~~Individuals~~Members and ~~member~~ firms shall have 15 days following receipt of the notice of a summary fine to present evidence to the Market Regulation Department that the fine should be rescinded or reduced. Absent the submission of such evidence within the designated time period, the fine shall be deemed final and may not be appealed.

512.C. Hearings and Appeals

~~If the Chief Regulatory Officer or his designee determines that evidence submitted by an individual member or member firm pursuant to Section B.2. is insufficient to support the requested rescission or reduction of the fine, the individual member or member firm may, within 10 days of the decision, file a written appeal with the Market Regulation Department. A written appeal that fails to specify the grounds for the appeal and the specific error or impropriety of the original decision shall be dismissed. The appeal shall be heard by a Panel of the Business Conduct Committee ("BCC Panel") whose decision shall be final. The appellant shall be entitled to be represented by counsel, appear personally before the BCC Panel and present evidence that he may have in support of his appeal. The BCC Panel shall not set aside, modify or amend the appealed decision unless it determines, by a majority vote, that the decision was:~~

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

Notwithstanding the provisions of Sections B.1. and B.2. above, the Market Regulation Department may, at any time, refer matters that it deems egregious to the Probable Cause Committee.

536. RECORDKEEPING REQUIREMENTS FOR PIT, GLOBEX, AND NEGOTIATED TRADES

[Section A. is unchanged.]

536.B. Globex Order Entry

1. General Requirements

Each Globex terminal operator entering orders into Globex shall accurately input for each order: a) the user ID assigned him by the Exchange, a clearing member or other authorized entity (Tag 50 ID) b) the price, quantity, product, expiration month, CTI code, automated or manual indicator (Tag 1028) and account number (except as provided in Section C.), and, for options, put or call and strike price. The Globex terminal operator's user ID must be present on each order entered. For a Globex terminal operator with access pursuant to Rule 574, clearing members authorizing such access will be responsible for the Globex terminal operator's compliance with this rule.

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

2. Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems

Clearing members guaranteeing a connection to Globex are responsible for maintaining or causing to be maintained the order routing/front-end audit trail for all electronic orders, including order entry, modification, cancellation and responses to such messages (referred to as the "electronic audit trail"), entered into the Globex platform through the CME iLink® gateway. The electronic audit trail must accurately capture all messaging between the order routing or front-end system and the Globex system, as prescribed by the Exchange. This electronic audit trail must be maintained for a minimum of 5 years, and clearing members must have the ability to produce this data in a standard format upon request of Market Regulation.

~~This electronic audit trail must contain all order receipt, order entry, order modification, and response receipt times to the highest level of precision achievable by the operating system, but at least to the hundredth of a second. The times captured must not be able to be modified by the person entering the order. The data must also contain all Fix Tag information and fields which should include, but is not limited to the following:~~

~~A record of all fields relating to order entry, including transaction date, product, Exchange code, expiration month, quantity, order type, order qualifier, price, buy/sell indicator, stop/trigger price, order number, unique transaction number, account number, session ID, Tag 50 ID, automated or manual indicator (Tag 1028), host order number, trader order number, clearing member, type of action, action status code, customer type indicator, origin, and timestamps. For executed orders the audit trail must record the execution time of the trade along with all fill information.~~

In the case where the Guaranteeing Clearing Firm has a direct connect client that is another Clearing Firm or a Corporate Equity Member, the Clearing Firm may notify the client Clearing Firm or Corporate Equity Member that it is their obligation to maintain the electronic audit trail. Upon execution of this written notice, it shall be the duty of the client Clearing Firm or Corporate Equity Member to maintain an electronic audit trail pursuant to this rule.

[Sections B. – G. are unchanged.]

536.H. Retention of Records

Each member and member firm and employees of the foregoing must keep full, complete and systematic records, ~~including records created or transmitted electronically, together with which include~~ all pertinent data and memoranda, of all transactions relating to its business of dealing in commodity ~~interests, futures, and options and related~~ cash or forward transactions in accordance with CFTC Regulation 1.35. Included among the records required to be kept pursuant to this Rule are all written communications provided or received concerning quotes, solicitations, bids, offers, instructions, trading and prices that lead to the execution of a transaction in a commodity interest and related cash or forward transactions, whether communicated by facsimile, instant messaging, chat rooms, electronic mail, or other digital or electronic media.

Such records must be 1) kept in a form and manner identifiable and searchable by transaction, 2) retained for a minimum of five years in their original form (for paper records) or native file format (for electronic records) permanent form, 3) readily accessible during the first two years of the five-year period and 4) shall at all times be open to inspection by Exchange staff or any representative of the CFTC or the United States Department of Justice.

811. POSITION CHANGE DATA

Position change data must be submitted to the Clearing House each trading day not later than the time specified by the Clearing House. Position change data will be in such form and contain such

information as prescribed by the Clearing House. When requested, the identification of accounts will be made available to the [Financial and Regulatory Surveillance](#)~~Audit~~ Department.

CME

400. GENERAL PROVISIONS

[The first two paragraphs are unchanged.]

For purposes of Chapter 4, the term "Member" shall mean: 1) members and clearing members of the Exchange, including retired members with floor access privileges and individuals and entities described in Rule 106; 2) associated persons ("APs") and affiliates of clearing members and member firms of the Exchange; 3) guaranteed introducing brokers of clearing members and member firms of the Exchange and their APs; 4) Exchange permit holders and any person or entity that has been granted cross-exchange trading privileges; 5) employees, authorized representatives, contractors, and agents of any of the above persons or entities, in regard to the Exchange related activities of such individuals; 6) regular firms; ~~7) any Person who initiates or executes a transaction on or subject to the Rules of the Exchange, directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed;~~ 8) individuals and entities that have agreed in writing or via electronic signature to comply with the Rules of the Exchange; and ~~89) CBOT members, KCBT Permit Holders and other individuals who have access to the combined CBOT and CME trading floors.~~ 89) CBOT members, KCBT Permit Holders and other individuals who have access to the

Members are deemed to know, consent to and be bound by all Exchange Rules. Former Members shall be subject to the continuing jurisdiction of the Exchange, including, without limitation, the application of Rule 432.L., with respect to any conduct that occurred while a Member.

402. BUSINESS CONDUCT COMMITTEE

402.A. Jurisdiction and General Provisions

The Business Conduct Committee ("BCC") shall have: 1) jurisdiction over any party subject to the jurisdiction of the Exchange pursuant to Rule 418~~Members~~ with respect to matters relating to business conduct, trading practices, sales practices, trading ethics and market manipulations or other actions that threaten the integrity of the market; 2) the authority, pursuant to Rule 402.C., to take emergency actions; 3) ~~the authority, pursuant to Rule 402.D., to take actions against non-members;~~ 4) the authority, pursuant to Rule 413.B., to conduct hearings on denials of access pursuant to Rule 413.A., ~~5) the authority to conduct hearings, proceedings and appeals on all matters over which it has jurisdiction; and~~ 5) the authority to make findings on Rule violations against any party subject to the jurisdiction of the Exchange pursuant to Rule 418~~Members and non-members.~~

The BCC shall act through a Panel ("BCC Panel") composed of a Hearing Panel Chair, two ~~Exchange~~ of CME or CBOT members or employees of CME or CBOT member firms and two non-members. Notwithstanding the foregoing, a ~~At least one of the Exchange~~ members or employees of member firms must be from the contract market where the case originated. A quorum of a Panel shall consist of a majority of the panel, but must include at least the Hearing Panel Chair, one ~~Exchange~~ member or employee of a member firm from the contract market where the case originated and one non-member.

Any Panel that conducts a hearing or proceeding shall consist of panelists who possess sufficiently diverse interests so as to ensure fairness.

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

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

402.B. Sanctions

If the Panel finds that a party, including a Member, has violated a Rule, the Panel may take one or more of the following actions:

1. Order the party~~Member~~ to cease and desist from the conduct found to be in violation of these Rules or from conduct which would violate the rules of any other exchange owned or controlled by CME Group or the Commodity Exchange Act;
2. Order a party~~Member~~ to liquidate such portion of the open contracts in the party's~~Member's~~

- proprietary or customers' accounts, or both, as the Panel deems appropriate to ensure the integrity of Exchange contracts or to ensure an orderly and liquid market;
3. Order a ~~partyMember~~ or its customer to deposit such additional performance bonds with the Clearing House as the Panel deems appropriate to protect the integrity of open contracts;
 4. Prescribe such additional capital or other financial requirements as it deems appropriate;
 5. Restrict the ability of the ~~partyMember~~ to have a business affiliation with, be employed by or have a financial or beneficial interest in a Member or broker association;
 6. Restrict, ~~suspend or terminate~~ the ~~party'sMember's~~ access to the Globex platform or any other trading or clearing platform owned or controlled by CME Group or to supervise the entry of any orders into such platforms by others;
 7. Restrict the ~~party'sMember's~~ access to any trading floor owned or controlled by CME Group;
 8. Restrict the ~~party'sMember's~~ ability to trade, place, enter, accept or solicit orders in any or all products of any exchange owned or controlled by CME Group;
 9. Suspend any or all of ~~the Member's~~the privileges of membership;
 10. Expel the Member from membership in any exchange owned or controlled by CME Group;
 11. Impose a fine upon the ~~partyMember~~ not to exceed \$1,000,000 per violation plus the amount of any benefit received as a result of the violation;
 12. Issue a reprimand;
 13. Prescribe limitations on positions of the ~~partyMember~~ as may be appropriate, including issuing an Order that no Clearing Member accept new positions on behalf of any such party;
 14. Impose advertising restrictions upon the Member pursuant to these Rules;
 15. Direct the ~~partyMember~~ to make restitution, in such amount as is warranted by the evidence, to the account of any party damaged by the conduct, or to the Clearing Member who has previously made restitution to the account of such party;
 16. Order such action as is necessary to prevent a threat to the contract or violation of the Commodity Exchange Act or Exchange Rules; and/or
 - ~~167.~~ With the approval of the Market Regulation Department and the ~~partyMember~~, order any other sanction or undertaking to address or deter the underlying violative conduct pursuant to a supported offer of settlement.

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

If the Panel shall decide by a majority vote that the matter might warrant a penalty in excess of its own authority, the Hearing Panel Chair shall refer the matter to the Board for further hearings and a decision pursuant to the procedures in Rule 408.

402.C. Emergency Actions

The BCC is authorized to determine whether an emergency exists and whether emergency action is warranted. The following events and/or conditions may constitute emergencies:

1. Any actual, attempted, or threatened market manipulation;
2. Any actual, attempted, or threatened corner, squeeze, congestion, or undue concentration of positions;
3. Any action taken by the United States or any foreign government or any state or local government body, any other contract market, board of trade, or any other exchange or trade association (foreign or domestic), which may have a direct impact on trading on the Exchange;
4. The actual or threatened bankruptcy or insolvency of any Member or the imposition of any injunction or other restraint by any government agency, self regulatory organization, court or arbitrator upon a Member which may affect the ability of that Member to perform on its contracts;
5. Any circumstance in which it appears that a Member or any other person or entity has failed to perform contracts or is in such financial or operational condition or is conducting business in such a manner that such person or entity cannot be permitted to continue in business without jeopardizing the safety of customer funds, Members, or the Exchange; and/or
6. Any other circumstance which may have a severe, adverse effect upon the functioning of the Exchange, except that declarations of Force Majeure and actions taken with respect to such declarations will be governed by the provisions of Rule 701.

In the event that the BCC determines, in the good faith exercise of its sole discretion, that an emergency exists, it may take any of the following emergency actions or any other action that may be

appropriate to respond to the emergency:

1. Suspend, curtail or terminate trading in any or all contracts;
2. Limit or deny access to any CME Group trading or clearing platform or trading floor owned or controlled by CME Group;
3. Limit trading to liquidation of contracts only;
4. Impose or modify position limits and/or order liquidation of all or a portion of a ~~party's~~ ~~Member or non-member's~~ account;
5. Order liquidation or transfer of positions as to which the holder is unable or unwilling to make or take delivery;
6. Confine trading to a specific price range;
7. Modify price limits;
8. Modify the trading days or hours;
9. Modify conditions of delivery;
10. Establish the settlement price at which contracts are to be liquidated;
11. Require additional performance bond to be deposited with the Clearing House; and/or
12. Order any other action or undertaking to address or relieve the emergency.

All actions taken pursuant to this subsection shall be by a majority vote of the Panel members present. The Market Regulation Department shall give appropriate notice of such action. As soon as practicable, the Board and the CFTC shall be notified of the emergency action in accordance with CFTC regulations. Nothing in this section shall in any way limit the authority of the Board, other committees, or other appropriate officials to act in an emergency situation as defined by these Rules.

~~402.D. — Actions against Non-Members~~

~~If the BCC or Market Regulation Department has reason to believe or suspect that any non-member is conducting trading activities in violation of the Commodity Exchange Act or Exchange Rules or in a manner that otherwise threatens the integrity or liquidity of any contract, the committee or Market Regulation Department may request such non-member and require any Members to appear, produce documents and testify at a Market Regulation Department interview or investigation, or hearing to be conducted by the BCC pursuant to Rule 408.~~

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

- ~~1. Order any Clearing Member to liquidate all or any portion of such non-member's position;~~
- ~~2. Order that no Clearing Member accept new positions on behalf of any such non-member;~~
- ~~3. Deny, limit or terminate access of such non-member to the Globex platform or any other trading or clearing platform owned or controlled by CME Group; and/or~~
- ~~4. Order such action as is necessary to prevent a threat to the contract or violation of the Commodity Exchange Act or Exchange Rules.~~

406. PROBABLE CAUSE COMMITTEE

The Probable Cause Committee ("PCC") shall receive and review investigation reports from the Market Regulation Department when the Market Regulation Department has reasonable cause to believe an offense has occurred. The PCC shall act through a Panel comprised of a Hearing Panel Chair, two ~~Exchange~~ members of CME or CBOT or employees of CME or CBOT member firms and two non-members. ~~Notwithstanding the foregoing, a~~ At least one of the ~~Exchange~~ members or employees of member firms must be from the contract market where the case originated. A quorum of a Panel shall consist of a majority of the Panel, but must include at least the Hearing Panel Chair, ~~one~~ an Exchange member or employee of a member firm from the contract market where the case originated and one non-member. Each Panel shall consist of panelists who possess sufficiently diverse interests so as to ensure fairness.

The Market Regulation Department is not required to provide a respondent notice of its intent to appear before the PCC to request charges.

The PCC shall have the power to compel any party subject to its jurisdiction pursuant to Rule 418 ~~Member~~ to appear before it and to produce all books and records relevant to the subject matter under investigation. No ~~party~~ ~~Member~~ or subject of an investigation shall have the right to appear before the PCC or make any written submission on his behalf.

A Panel shall endeavor to review an investigation report prepared by the Market Regulation Department within 30 days of receipt of a report the Panel deems to be complete. The Panel shall, by majority vote, take one of the following actions:

- A. If the Panel determines that a reasonable basis exists for finding that a violation of an Exchange Rule may have occurred which warrants disciplinary action, it shall issue appropriate charges.
- B. If the Panel determines that a reasonable basis exists for finding that a violation of an Exchange Rule may have occurred, but that the issuance of charges is unwarranted, it shall direct that a warning letter be issued.
- C. If the Panel determines that no reasonable basis exists for finding that a violation of an Exchange Rule may have occurred it shall direct that no further action be taken.
- D. Direct that the Market Regulation Department investigate the matter further.

The Panel shall direct the Market Regulation Department to give notice of the charges to the respondent in accordance with Rule 407.B. and to the appropriate BCC Hearing Panel Chairs.

If the Panel refuses to issue any charge requested by the Market Regulation Department, the Panel shall explain the reason(s) for such refusal in writing. The Market Regulation Department may appeal to the Board any refusal by a Panel to issue those charges requested by the Market Regulation Department. If such an appeal is requested, the Board shall conduct a hearing on the matter in accordance with the procedures in Rule 411.

[The remainder of the Rule is unchanged.]

501. EMPLOYEES OF MEMBERS

Members shall register with the Exchange all persons whom they wish to employ on the trading floor. Such employees may act as runners, communicators, clerks and broker assistants. Such employees shall not be permitted to solicit customers or benefit from the production of orders. Such employees shall not trade or have any interest in an account trading in any CME, ~~or~~ CBOT or KCBT futures or options contracts. Employees must wear a prescribed identification badge. Any member permitting trading by such employee shall be guilty of an offense against the Exchange. Remuneration to such employees shall be limited to salaries and normal bonuses. The member employer shall, upon request, provide a report to Exchange staff with respect to each such employee, setting forth the hours of employment, salary and bonus, and a copy of each employee's Internal Revenue Service W-2 Form or other documentation evidencing employment.

[The remainder of the Rule is unchanged.]

CBOT

400. GENERAL PROVISIONS

[The first two paragraphs are unchanged.]

For purposes of Chapter 4, the term "Member" shall mean: 1) members and clearing members of the Exchange, including retired members with floor access privileges and individuals and entities described in Rule 106; 2) associated persons ("APs") and affiliates of clearing members and member firms of the Exchange; 3) guaranteed introducing brokers of clearing members and member firms of the Exchange and their APs; 4) Exchange permit holders and any person or entity that has been granted cross-exchange trading privileges; 5) employees, authorized representatives, contractors, and agents of any of the above persons or entities, in regard to the Exchange related activities of such individuals; 6) regular firms; ~~7) any Person who initiates or executes a transaction on or subject to the Rules of the Exchange, directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed;~~ ~~8) individuals and entities that have agreed in writing or via electronic signature to comply with the Rules of the Exchange; and~~ ~~89) CME members, KCBT Permit Holders and other individuals who have access to the combined CBOT and CME trading floors.~~

Members are deemed to know, consent to and be bound by all Exchange Rules. Former Members shall be subject to the continuing jurisdiction of the Exchange, including, without limitation, the application of Rule 432.L., with respect to any conduct that occurred while a Member.

402. BUSINESS CONDUCT COMMITTEE (CBOT)

402.A. Jurisdiction and General Provisions

The Business Conduct Committee ("BCC") shall have: 1) jurisdiction over any party subject to the jurisdiction of the Exchange pursuant to Rule 418 ~~Members~~ with respect to matters relating to business conduct, trading practices, sales practices, trading ethics and market manipulations or other actions that threaten the integrity of the market; 2) the authority, pursuant to Rule 402.C., to take emergency actions; 3) ~~the authority, pursuant to Rule 402.D., to take actions against non-members;~~ ~~4) the authority, pursuant to Rule 413.B., to conduct hearings on denials of access pursuant to Rule 413.A.,~~ ~~5) the authority to conduct hearings, proceedings and appeals on all matters over which it has~~

jurisdiction; and ~~56~~) the authority to make findings on Rule violations against any party subject to the jurisdiction of the Exchange pursuant to Rule 418~~Members and non-members~~.

The BCC shall act through a Panel ("BCC Panel") composed of a Hearing Panel Chair, two ~~Exchange~~ members of CBOT or CME or employees of CBOT or CME member firms and two non-members. Notwithstanding the foregoing, aAt least one of the ~~Exchange~~ members or employees of member firms must be from the contract market where the case originated. A quorum of a Panel shall consist of a majority of the panel, but must include at least the Hearing Panel Chair, one ~~Exchange~~ member or employee of a member firm from the contract market where the case originated and one non-member.

Any Panel that conducts a hearing or proceeding shall consist of panelists who possess sufficiently diverse interests so as to ensure fairness.

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

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

402.B. Sanctions

If the Panel finds that a party, including a Member, has violated a Rule, the Panel may take one or more of the following actions:

1. Order the party~~Member~~ to cease and desist from the conduct found to be in violation of these Rules or from conduct which would violate the rules of any other exchange owned or controlled by CME Group or the Commodity Exchange Act;
2. Order a party~~Member~~ to liquidate such portion of the open contracts in the party's~~Member's~~ proprietary or customers' accounts, or both, as the Panel deems appropriate to ensure the integrity of Exchange contracts or to ensure an orderly and liquid market;
3. Order a party~~Member~~ or its customer to deposit such additional performance bonds with the Clearing House as the Panel deems appropriate to protect the integrity of open contracts;
4. Prescribe such additional capital or other financial requirements as it deems appropriate;
5. Restrict the ability of the party~~Member~~ to have a business affiliation with, be employed by or have a financial or beneficial interest in a Member or broker association;
6. Restrict, suspend or terminate the party's~~Member's~~ access to the Globex platform or any other trading or clearing platform owned or controlled by CME Group or to supervise the entry of any orders into such platforms by others;
7. Restrict the party's~~Member's~~ access to any trading floor owned or controlled by CME Group;
8. Restrict the party's~~Member's~~ ability to trade, place, enter, accept or solicit orders in any or all products of any exchange owned or controlled by CME Group;
9. Suspend any or all of the Member's~~the~~ privileges of membership;
10. Expel the Member from membership in any exchange owned or controlled by CME Group;
11. Impose a fine upon the party~~Member~~ not to exceed \$1,000,000 per violation plus the amount of any benefit received as a result of the violation;
12. Issue a reprimand;
13. Prescribe limitations on positions of the party~~Member~~ as may be appropriate, including issuing an Order that no Clearing Member accept new positions on behalf of any such party;
14. Impose advertising restrictions upon the Member pursuant to these Rules;
15. Direct the party~~Member~~ to make restitution, in such amount as is warranted by the evidence, to the account of any party damaged by the conduct, or to the Clearing Member who has previously made restitution to the account of such party;
16. Revoke the regularity status of a regular firm; ~~and/or~~
17. Order such action as is necessary to prevent a threat to the contract or violation of the Commodity Exchange Act or Exchange Rules; and/or
- 17.8. With the approval of the Market Regulation Department and the party~~Member~~, order any other sanction or undertaking to address or deter the underlying violative conduct pursuant to a supported offer of settlement.

When determining whether to impose any of the sanctions listed above, the Panel may consider any

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

If the Panel shall decide by a majority vote that the matter might warrant a penalty in excess of its own authority, the Hearing Panel Chair shall refer the matter to the Board for further hearings and a decision pursuant to the procedures in Rule 408.

402.C. Emergency Actions

The BCC is authorized to determine whether an emergency exists and whether emergency action is warranted. The following events and/or conditions may constitute emergencies:

1. Any actual, attempted, or threatened market manipulation;
2. Any actual, attempted, or threatened corner, squeeze, congestion, or undue concentration of positions;
3. Any action taken by the United States or any foreign government or any state or local government body, any other contract market, board of trade, or any other exchange or trade association (foreign or domestic), which may have a direct impact on trading on the Exchange;
4. The actual or threatened bankruptcy or insolvency of any Member or the imposition of any injunction or other restraint by any government agency, self regulatory organization, court or arbitrator upon a Member which may affect the ability of that Member to perform on its contracts;
5. Any circumstance in which it appears that a Member or any other person or entity has failed to perform contracts or is in such financial or operational condition or is conducting business in such a manner that such person or entity cannot be permitted to continue in business without jeopardizing the safety of customer funds, Members, or the Exchange; and/or
6. Any other circumstance which may have a severe, adverse effect upon the functioning of the Exchange, except that declarations of Force Majeure and actions taken with respect to such declarations will be governed by the provisions of Rule 701.

In the event that the BCC determines, in the good faith exercise of its sole discretion, that an emergency exists, it may take any of the following emergency actions or any other action that may be appropriate to respond to the emergency:

1. Suspend, curtail or terminate trading in any or all contracts;
2. Limit or deny access to any CME Group trading or clearing platform or trading floor owned or controlled by CME Group;
3. Limit trading to liquidation of contracts only;
4. Impose or modify position limits and/or order liquidation of all or a portion of a ~~party's Member or non-member's~~ account;
5. Order liquidation or transfer of positions as to which the holder is unable or unwilling to make or take delivery;
6. Confine trading to a specific price range;
7. Modify price limits;
8. Modify the trading days or hours;
9. Modify conditions of delivery;
10. Establish the settlement price at which contracts are to be liquidated;
11. Require additional performance bond to be deposited with the Clearing House; and/or
12. Order any other action or undertaking to address or relieve the emergency.

All actions taken pursuant to this subsection shall be by a majority vote of the Panel members present. The Market Regulation Department shall give appropriate notice of such action. As soon as practicable, the Board and the CFTC shall be notified of the emergency action in accordance with CFTC regulations. Nothing in this section shall in any way limit the authority of the Board, other committees, or other appropriate officials to act in an emergency situation as defined by these Rules.

~~402.D. — Actions against Non-Members~~

~~If the BCC or Market Regulation Department has reason to believe or suspect that any non-member is conducting trading activities in violation of the Commodity Exchange Act or Exchange Rules or in a manner that otherwise threatens the integrity or liquidity of any contract, the committee or Market Regulation Department may request such non-member and require any Members to appear, produce documents and testify at a Market Regulation Department interview or investigation, or hearing to be conducted by the BCC pursuant to Rule 408.~~

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

~~Rules, the BCC may:~~

- ~~1.—Order any Clearing Member to liquidate all or any portion of such non-member's position;~~
- ~~2.—Order that no Clearing Member accept new positions on behalf of any such non-member;~~
- ~~3.—Deny, limit or terminate access of such non-member to the Globex platform or any other trading or clearing platform owned or controlled by CME Group; and/or~~
- ~~4.—Order such action as is necessary to prevent a threat to the contract or violation of the Commodity Exchange Act or Exchange Rules.~~

406. PROBABLE CAUSE COMMITTEE

The Probable Cause Committee ("PCC") shall receive and review investigation reports from the Market Regulation Department when the Market Regulation Department has reasonable cause to believe an offense has occurred. The PCC shall act through a Panel comprised of a Hearing Panel Chair, two ~~Exchange~~ members of CBOT or CME or employees of CBOT or CME member firms and two non-members. ~~Notwithstanding the foregoing, a~~At least one of the ~~Exchange~~ members or employees of member firms must be from the contract market where the case originated. A quorum of a Panel shall consist of a majority of the Panel, but must include at least the Hearing Panel Chair, ~~one an Exchange~~ member or employee of a member firm from the contract market where the case originated and one non-member. Each Panel shall consist of panelists who possess sufficiently diverse interests so as to ensure fairness.

The Market Regulation Department is not required to provide a respondent notice of its intent to appear before the PCC to request charges.

The PCC shall have the power to compel any party subject to its jurisdiction pursuant to Rule 418~~Member~~ to appear before it and to produce all books and records relevant to the subject matter under investigation. No ~~party~~~~Member~~ or subject of an investigation shall have the right to appear before the PCC or make any written submission on his behalf.

A Panel shall endeavor to review an investigation report prepared by the Market Regulation Department within 30 days of receipt of a report the Panel deems to be complete. The Panel shall, by majority vote, take one of the following actions:

- A. If the Panel determines that a reasonable basis exists for finding that a violation of an Exchange Rule may have occurred which warrants disciplinary action, it shall issue appropriate charges.
- B. If the Panel determines that a reasonable basis exists for finding that a violation of an Exchange Rule may have occurred, but that the issuance of charges is unwarranted, it shall direct that a warning letter be issued.
- C. If the Panel determines that no reasonable basis exists for finding that a violation of an Exchange Rule may have occurred it shall direct that no further action be taken.
- D. Direct that the Market Regulation Department investigate the matter further.

The Panel shall direct the Market Regulation Department to give notice of the charges to the respondent in accordance with Rule 407.B. and to the appropriate BCC Hearing Panel Chairs.

If the Panel refuses to issue any charge requested by the Market Regulation Department, the Panel shall explain the reason(s) for such refusal in writing. The Market Regulation Department may appeal to the Board any refusal by a Panel to issue those charges requested by the Market Regulation Department. If such an appeal is requested, the Board shall conduct a hearing on the matter in accordance with the procedures in Rule 411.

[The remainder of the Rule is unchanged.]

501. EMPLOYEES OF MEMBERS

Members shall register with the Exchange all persons whom they wish to employ on the trading floor. Such employees may act as runners, communicators, clerks and broker assistants. Such employees shall not be permitted to solicit customers or benefit from the production of orders. Such employees shall not trade or have any interest in an account trading in any ~~CBOT, or CME~~ or KCBT futures or options contracts. Employees must wear a prescribed identification badge. Any member permitting trading by such employee shall be guilty of an offense against the Exchange. Remuneration to such employees shall be limited to salaries and normal bonuses. The member employer shall, upon request, provide a report to Exchange staff with respect to each such employee, setting forth the hours of employment, salary and bonus, and a copy of each employee's Internal Revenue Service W-2 Form or other documentation evidencing employment.

[The remainder of the Rule is unchanged.]

524.-525. [RESERVED]

~~525. CHANGERS~~

~~The Exchange shall permit a clearing firm to act as a changer, subject to the provisions below, for the purpose of engaging in changing transactions involving CBOT mini-sized Corn, mini-sized Soybean or mini-sized Wheat futures contracts and their full-sized counterparts. A changing transaction involves the purchase or sale of a commodity between a changer and another member, which on the part of the changer is part of a spreading transaction between a mini-sized contract and its corresponding full-sized contract.~~

~~525.A. Application and Notices~~

- ~~1. A clearing member firm desiring to act as a changer for one or more of the mini-sized contracts specified in this Rule, shall make an application to the Exchange, in the manner prescribed by the Exchange. The Exchange may approve changers consonant with the needs of the Exchange, considering such matters as liquidity in the relevant contracts, space and physical facilities required for changing, financial capability of the applicant, the number and character of the relevant contracts, and the number and capacity of changers already in a particular commodity.~~
- ~~2. A changer shall notify the Exchange of the names of its changer's representatives who will accept orders for changing transactions, and any changes thereto.~~
- ~~3. A changer shall file with the Exchange, notice of any limitations on the extent to which it will make its services available, and of any changes to such limitations, one day prior to their effective date. The Exchange may disapprove any such limitations.~~

~~525.B. Execution of Changing Transactions~~

- ~~1. A changer shall maintain a representative on the trading floor at all times during open outcry trading hours to accept orders for changing transactions.~~
- ~~2. A member may give an order to a changer's representative, who shall immediately place such order for execution in the pit for the relevant full-sized contract. A changer may not unreasonably refuse to accept any order that is consistent with its authorization to act as a changer.~~
- ~~3. If filled, the member placing the order and the changer's representative shall be deemed to have executed a changing transaction wherein the full-sized commodity purchased (sold) has been sold to (bought from) the member placing the order, on and subject to the rules of the Exchange.~~
- ~~4. When a changer purchases (sells) a full-sized commodity, it may mark up (down) the price of the purchase (sale) when making the corresponding sale to (purchase from) the member placing the order, by the amount of its changing fee. The changer shall disclose the amount of its current changing fee, prior to accepting any particular order for a changing transaction.~~
- ~~5. The provision of Rule 523 that any part of any bid or offer is subject to immediate acceptance by any trader shall not apply to the execution of a changing transaction.~~

~~525.C. Recordkeeping and Clearing~~

- ~~1. An order for a changing transaction must be documented and time-stamped in the same manner as a customer order, in accordance with Rule 536.~~
- ~~2. A changer shall clear its changing transactions through an account exclusively designated for such purpose. This changing account at all times shall be evenly spread between the relevant mini-sized contracts and their full-sized counterparts. However, changer accounts which have Globex transactions pending for clearing on the next trade date are exempted from the evenly spread requirement.~~
- ~~3. All changing transactions shall be clearly identified as such by appropriate accounts or symbols on all records of the changer and on the records submitted for clearing.~~

~~525.D. Fees~~

~~Changers may be obligated to pay changer transaction fees to the Exchange, at such times, and in such manner as the Exchange may prescribe.~~

~~525.E. Miscellaneous~~

- ~~1. No changer's representative shall enter into a changing transaction in which he appears as the executing member on each side of the transaction.~~
- ~~2. If applicable, a member futures commission merchant shall disclose to its customers that the price at which a trade is executed on the Exchange may include a changer's fee, and, that the amount of the changing fee, if included in a transaction price, shall be disclosed to a customer upon request.~~
- ~~3. No member or employee of a member shall require, induce or attempt to induce, either directly or indirectly, a floor broker or member to execute any transaction through a changing transaction or to utilize the services of a particular changer or changer's representative.~~
- ~~4. No member may give a market order, a priced order, or a discretionary order, to a changer's representative except by open outcry, nor without first seeking a bid or offer, nor without executing as much as possible in the pit at prices which such member reasonably expects to be the best~~

~~available. Members may not enter priced orders with a changer that are off the current market in both the mini-sized contract and its corresponding full-sized contract.~~

~~5. No member shall give orders to a changer's representative for quantities that he could reasonably expect to execute in the pit for the relevant mini-sized contract.~~

NYMEX and COMEX Chapter 4 Enforcement of Rules

400. GENERAL PROVISIONS

[The first two paragraphs are unchanged.]

For purposes of Chapter 4, the term "Member" shall mean: 1) members, Commercial Associate Members, member firms and clearing members of the Exchange; 2) associated persons ("APs") and affiliates of clearing members and member firms of the Exchange; 3) guaranteed introducing brokers of clearing members and member firms of the Exchange and their APs; 4) any person or entity that has been granted cross-exchange trading privileges; 5) employees, authorized representatives, contractors, and agents of any of the above persons or entities, in regard to the Exchange related activities of such individuals; 6) ~~any Person who initiates or executes a transaction on or subject to the Rules of the Exchange, directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed;~~ 7) individuals and entities that have agreed in writing or via electronic signature to comply with the Rules of the Exchange; and 8) Exchange members and other individuals who have access to the trading floors.

Members are deemed to know, consent to and be bound by all Exchange Rules. Former Members shall be subject to the continuing jurisdiction of the Exchange, including, without limitation, the application of Rule 432.L., with respect to any conduct that occurred while a Member.

402. BUSINESS CONDUCT COMMITTEE

402.A. Jurisdiction and General Provisions

The Business Conduct Committee ("BCC") shall have: 1) jurisdiction over any party subject to the jurisdiction of the Exchange pursuant to Rule 418~~Members~~ with respect to matters relating to business conduct, trading practices, sales practices, trading ethics and market manipulations or other actions that threaten the integrity of the market; 2) the authority, pursuant to Rule 402.C., to take emergency actions; 3) ~~the authority, pursuant to Rule 402.D., to take actions against non-members;~~ 4) the authority, pursuant to Rule 413.B., to conduct hearings on denials of access pursuant to Rule 413.A., ~~54~~ the authority to conduct hearings, proceedings and appeals on all matters over which it has jurisdiction; and ~~56~~ the authority to make findings on Rule violations against any party subject to the jurisdiction of the Exchange pursuant to Rule 418~~Members and non-members~~.

The BCC shall act through a Panel ("BCC Panel") composed of a Hearing Panel Chair, two Exchange members or employees of member firms and two non-members. At least one of the Exchange members or employees of member firms must be from the contract market where the case originated. A quorum of a Panel shall consist of a majority of the panel, but must include at least the Hearing Panel Chair, one Exchange member or employee of a member firm from the contract market where the case originated and one non-member.

Any Panel that conducts a hearing or proceeding shall consist of panelists who possess sufficiently diverse interests so as to ensure fairness.

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

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

402.B. Sanctions

If the Panel finds that a party, including a Member, has violated a Rule, the Panel may take one or more of the following actions:

1. Order the ~~partyMember~~ to cease and desist from the conduct found to be in violation of these Rules or from conduct which would violate the rules of any other exchange owned or controlled by CME Group or the Commodity Exchange Act;
2. Order a ~~partyMember~~ to liquidate such portion of the open contracts in the ~~party'sMember's~~ proprietary or customers' accounts, or both, as the Panel deems appropriate to ensure the integrity of Exchange contracts or to ensure an orderly and liquid market;
3. Order a ~~partyMember~~ or its customer to deposit such additional performance bonds with the Clearing House as the Panel deems appropriate to protect the integrity of open contracts;
4. Prescribe such additional capital or other financial requirements as it deems appropriate;
5. Restrict the ability of the ~~partyMember~~ to have a business affiliation with, be employed by or have a financial or beneficial interest in a Member or broker association;
6. Restrict, ~~suspend or terminate~~ the ~~party'sMember's~~ access to the Globex platform or any other trading or clearing platform owned or controlled by CME Group or to supervise the entry of any orders into such platforms by others;
7. Restrict the ~~party'sMember's~~ access to any trading floor owned or controlled by CME Group;
8. Restrict the ~~party'sMember's~~ ability to trade, place, enter, accept or solicit orders in any or all products of any exchange owned or controlled by CME Group;
9. Suspend any or all of ~~the Member's~~the privileges of membership;
10. Expel the Member from membership in any exchange owned or controlled by CME Group;
11. Impose a fine upon the ~~partyMember~~ not to exceed \$1,000,000 per violation plus the amount of any benefit received as a result of the violation;
12. Issue a reprimand;
13. Prescribe limitations on positions of the ~~partyMember~~ as may be appropriate, including issuing an Order that no Clearing Member accept new positions on behalf of any such party;
14. Impose advertising restrictions upon the Member pursuant to these Rules;
15. Direct the ~~partyMember~~ to make restitution, in such amount as is warranted by the evidence, to the account of any party damaged by the conduct, or to the Clearing Member who has previously made restitution to the account of such party; ~~and/or~~
16. Order such action as is necessary to prevent a threat to the contract or violation of the Commodity Exchange Act or Exchange Rules; and/or
- ~~17.~~With the approval of the Market Regulation Department and the ~~partyMember~~, order any other sanction or undertaking to address or deter the underlying violative conduct pursuant to a supported offer of settlement.

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

If the Panel shall decide by a majority vote that the matter might warrant a penalty in excess of its own authority, the Hearing Panel Chair shall refer the matter to the Board for further hearings and a decision pursuant to the procedures in Rule 408.

402.C. Emergency Actions

The BCC is authorized to determine whether an emergency exists and whether emergency action is warranted. The following events and/or conditions may constitute emergencies:

1. Any actual, attempted, or threatened market manipulation;
2. Any actual, attempted, or threatened corner, squeeze, congestion, or undue concentration of positions;
3. Any action taken by the United States or any foreign government or any state or local government body, any other contract market, board of trade, or any other exchange or trade association (foreign or domestic), which may have a direct impact on trading on the Exchange;
4. The actual or threatened bankruptcy or insolvency of any Member or the imposition of any injunction or other restraint by any government agency, self regulatory organization, court or arbitrator upon a Member which may affect the ability of that Member to perform on its contracts;
5. Any circumstance in which it appears that a Member or any other person or entity has failed to perform contracts or is in such financial or operational condition or is conducting business in such a manner that such person or entity cannot be permitted to continue in business without jeopardizing the safety of customer funds, Members, or the Exchange; and/or

6. Any other circumstance which may have a severe, adverse effect upon the functioning of the Exchange, except that declarations of Force Majeure and actions taken with respect to such declarations will be governed by the provisions of Rule 701.

In the event that the BCC determines, in the good faith exercise of its sole discretion, that an emergency exists, it may take any of the following emergency actions or any other action that may be appropriate to respond to the emergency:

1. Suspend, curtail or terminate trading in any or all contracts;
2. Limit or deny access to any CME Group trading or clearing platform or trading floor owned or controlled by CME Group;
3. Limit trading to liquidation of contracts only;
4. Impose or modify position limits and/or order liquidation of all or a portion of a ~~party's~~Member or non-member's account;
5. Order liquidation or transfer of positions as to which the holder is unable or unwilling to make or take delivery;
6. Confine trading to a specific price range;
7. Modify price limits;
8. Modify the trading days or hours;
9. Modify conditions of delivery;
10. Establish the settlement price at which contracts are to be liquidated;
11. Require additional performance bond to be deposited with the Clearing House, and/or
12. Order any other action or undertaking to address or relieve the emergency.

All actions taken pursuant to this subsection shall be by a majority vote of the Panel members present. The Market Regulation Department shall give appropriate notice of such action. As soon as practicable, the Board and the CFTC shall be notified of the emergency action in accordance with CFTC regulations. Nothing in this section shall in any way limit the authority of the Board, other committees, or other appropriate officials to act in an emergency situation as defined by these Rules.

~~402.D. Actions against Non-Members~~

~~If the BCC or Market Regulation Department has reason to believe or suspect that any non-member is conducting trading activities in violation of the Commodity Exchange Act or Exchange Rules or in a manner that otherwise threatens the integrity or liquidity of any contract, the committee or Market Regulation Department may request such non-member and require any Members to appear, produce documents and testify at a Market Regulation Department interview or investigation, or hearing to be conducted by the BCC pursuant to Rule 408.~~

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

- ~~1. Order any Clearing Member to liquidate all or any portion of such non-member's position;~~
- ~~2. Order that no Clearing Member accept new positions on behalf of any such non-member;~~
- ~~3. Deny, limit or terminate access of such non-member to the Globex platform or any other trading or clearing platform owned or controlled by CME Group; and/or~~
- ~~4. Order such action as is necessary to prevent a threat to the contract or violation of the Commodity Exchange Act or Exchange Rules.~~

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PROBABLE CAUSE COMMITTEE

[The first two paragraphs are unchanged.]

The PCC shall have the power to compel any party subject to its jurisdiction pursuant to Rule 418 ~~Member~~ to appear before it and to produce all books and records relevant to the subject matter under investigation. No party~~Member~~ or subject of an investigation shall have the right to appear before the PCC or make any written submission on his behalf.

A Panel shall endeavor to review an investigation report prepared by the Market Regulation Department within 30 days of receipt of a report the Panel deems to be complete. The Panel shall, by majority vote, take one of the following actions:

- A. If the Panel determines that a reasonable basis exists for finding that a violation of an Exchange Rule may have occurred which warrants disciplinary action, it shall issue appropriate charges.
- B. If the Panel determines that a reasonable basis exists for finding that a violation of an Exchange Rule may have occurred, but that the issuance of charges is unwarranted, it shall direct that a warning letter be issued.

- C. If the Panel determines that no reasonable basis exists for finding that a violation of an Exchange Rule may have occurred it shall direct that no further action be taken.
- D. Direct that the Market Regulation Department investigate the matter further.

The Panel shall direct the Market Regulation Department to give notice of the charges to the respondent in accordance with Rule 407.B. and to the appropriate BCC Hearing Panel Chairs.

If the Panel refuses to issue any charge requested by the Market Regulation Department, the Panel shall explain the reason(s) for such refusal [in writing](#). The Market Regulation Department may appeal to the Board any refusal by a Panel to issue those charges requested by the Market Regulation Department. If such an appeal is requested, the Board shall conduct a hearing on the matter in accordance with the procedures in Rule 411.

[The remainder of the Rule is unchanged.]