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OFFICE OF THE SECRETARIAT

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October 16, 2009

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

**RE:   CBOT Market Regulation Advisory Notice RA0907-1  
      CBOT Submission No. 09-244R**

Dear Mr. Stawick:

The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") hereby notifies the Commodity Futures Trading Commission that, pursuant to its request, CBOT will issue CBOT Market Regulation Advisory Notice RA0907-1 on October 19, 2009, informing the marketplace that CBOT Rule 538 ("Exchange for Related Positions") does not permit the execution of an Exchange of Futures for Futures (EFF) in any CBOT product. The Advisory Notice is being issued to correct inaccurate information that has been circulating recently and to ensure that market participants are aware of the prohibition on EFFs in CBOT products. The Advisory Notice also provides a link to the October 2, 2009, CME Group Market Regulation Advisory Notice concerning Rule 538.

A copy of the Advisory Notice is included with this submission.

The Exchange certifies that the Advisory Notice complies with the Commodity Exchange Act and regulations thereunder.

If you have any questions regarding the Advisory Notice, please contact Dean Payton, Market Regulation, at 312.435.3658, Robert Sniagowski, Market Regulation, at 312.341.5991 or me at 312.648.5422. Please reference CME Submission No. 09-244R in any related correspondence.

Sincerely,

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

## MARKET REGULATION ADVISORY NOTICE

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Exchange	CBOT
Subject	Prohibition of Exchange of Futures for Futures (EFF) Transactions
Rule References	Rule 538
Advisory Date	October 19, 2009
Advisory Number	CBOT RA0907-1

This Market Regulation Advisory Notice addresses inaccurate information that has circulated recently regarding CBOT rules governing Exchange for Related Position transactions.

CBOT Rule 538 ("Exchange for Related Positions") permits specified types of privately negotiated transactions in which a futures or options contract is exchanged for an economically equivalent quantity of a cash commodity or OTC derivatives instrument. These transactions are broadly referred to as EFRP transactions and the permissible types of EFRP transactions are detailed in the rule, which states, in part:

The following transactions shall be permitted by arrangement between parties in accordance with the requirements of this rule:

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

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

Exchange of Options for Options ("EEO") – A privately negotiated and simultaneous exchange of an Exchange option position for a corresponding OTC option position or other OTC instrument with similar characteristics.

CBOT rules do not permit the execution of Exchange of Futures for Futures (EFF) transactions. The CBOT, as a designated contract market, establishes its rules in accordance with the requirements of the Commodity Exchange Act and CFTC regulations. A futures contract clearly does not qualify as a "corresponding OTC swap or other OTC instrument," and CBOT rules do not and have never permitted a futures contract to be used as the related position component of an EFR transaction.

CME Group issued a comprehensive Market Regulation Advisory Notice regarding EFRP transactions executed on CME, CBOT, NYMEX and COMEX on October 2, 2009. That notice can be found at the following link:

[http://www.cmegroup.com/rulebook/files/CME\\_Group\\_RA0910-5.pdf](http://www.cmegroup.com/rulebook/files/CME_Group_RA0910-5.pdf)

As reflected in the notice, CBOT also does not permit contingent or transitory EFRPs.

Additionally, a prearranged, matched pair of block trades that are executed for the purpose of moving a futures position from one clearing house to another are both contingent and transitory trades and, under CBOT rules, may not be employed to create or liquidate a futures position.

CBOT will continue to enforce its rules and member firms are strongly encouraged to ensure that all employees, as well as customers on whose behalf firms clear EFRPs, are fully informed of the requirements of Rule 538 and the interpretations in the associated Market Regulation Advisory Notices.

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

Dean Payton, Managing Director, 312.435.3658

Joe Hawrysz, Director, 312.341.7750

Robert Sniegowski, Associate Director, 312.341.5991

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or [news@cmegroup.com](mailto:news@cmegroup.com).